

Q3FY25 Earnings Review: Profit growth recovers but downgrades continue

Revenue growth slowed in Q3FY25, hitting a 16-quarter low for Nifty 50 (4.5% YoY) and a five-quarter low for Nifty 500 (4.6% YoY). Mid- and small-cap companies (Nifty 500 ex-Nifty 50) fared slightly better with 4.7% YoY growth. Consumer Discretionary and Industrials drove revenue gains, supported by festive demand and capex push, while Energy lagged due to weak demand and falling crude prices, offsetting gains in other sectors. Despite slower topline growth, EBITDA and PAT improved, supported by lower input costs. EBITDA rose 6.9% YoY for Nifty 50 and 7.8% YoY for Nifty 500 (ex-Financials), aided by cost optimization and softer input cost growth. PAT rebounded, reaching a three-quarter high of 9.5% YoY for Nifty 50 and a four-quarter high of 11.1% YoY for Nifty 500, with margins expanding to 11.4% and 10%, respectively. Financials led profit growth, contributing 70% of Nifty 50's and 62% of Nifty 500's PAT rise, while IT and Health Care posted strong earnings gains. Excluding Financials and Energy, Nifty 500's PAT grew 13.7% YoY, while Nifty 500 ex-Nifty 50 surged 25.6% YoY. However, for 9MFY25, revenue and PAT growth remained subdued, at 6.9% and 4.6% YoY for Nifty 50, and 7.2% and 3.8% YoY for Nifty 500, reflecting the impact of weak demand and high input costs in earlier quarters.

Sustained weakness in corporate earnings, coupled with elevated global trade uncertainty and emerging signs of domestic growth slowdown, resulted in downward revisions in earnings estimates across the board, and starkly so for commodity-oriented sectors, viz., Energy and Materials. The Consensus earnings estimates (from LSEG Datastream) for FY25 and FY26 for the top 200 well-covered companies by market cap were curtailed by 2.4% and 3.1% respectively since December-end (As of February 21st, 2025). This translates into an expected profit growth of 3.2% in FY25 (vs. ~10% in Sep'24) and 17.6% in FY26, implying an earnings CAGR of 10.2% between FY24-26. In line with significant downgrades, the Earnings Revision Indicator (ERI)¹ also fell deep in the negative territory, implying a greater number of downgrades than upgrades. Notwithstanding disappointment over the last couple of quarters, corporate profitability over the coming quarters should see an improvement, thanks to higher Government spending, consumption boost in the budget, continued recovery in rural demand. That said, global trade uncertainty and the consequent surge in commodity price volatility, coupled with weather-related disruptions, pose key downside risks to earnings outlook in the near-term.

- **Topline growth continued to slide in Q3FY25:** Revenue growth decelerated further in Q3FY25, with Nifty 50 and Nifty 500 companies posting a 16-quarter and five-quarter low of 4.5% YoY and 4.6% YoY, respectively. Excluding Nifty 50, the rest of the companies recorded a slightly higher topline growth of 4.7% YoY, reflecting resilience in mid- and small-cap firms. Within Nifty 500, the Consumer Discretionary sector led, contributing 24% of total revenue growth, driven by robust demand in autos, consumer durables, and retail, supported by festive offers and rising rural consumption. Industrials accounted for 17%, benefiting from higher capital goods demand, while Materials contributed 15%, led by strong performance in cement and fertilizers, amid rising construction demand and capex expansion
- **Lower input costs drove EBITDA growth in Q3:** Easing raw material costs boosted EBITDA growth in Q3FY25, with operating profit for the Nifty 50 and Nifty 500 (excluding Financials) rising 6.9% and 7.8% YoY, and 6.8% and 9% QoQ, respectively. This growth was supported by a slower increase in operating expenses compared to revenue, aided by falling input costs and cost optimization efforts. Operating expenses grew 2.5% and 3.9% YoY, lagging revenue growth of 5% and 5.5% YoY, leading to a margin expansion of 36bps and 40bps YoY to 20.8% and 18.7%, respectively. For the Nifty 500 excluding Nifty 50 companies, EBITDA margin expanded by 131bps YoY to a five-quarter high of 16.5%. However, for the first nine months of FY25,

While Nifty 500 companies reported a five-quarter low net sales growth of 4.7% YoY, Nifty 50 companies reported a 16-quarter low growth of 4.5% YoY, led by pick up in rural demand and capex spending

EBITDA growth rate improved to 6.7% YoY/ - 6.8% QoQ and 7.8%YoY/9% QoQ for Nifty50 and Nifty 500 universe respectively, driven by moderate rise in operating costs.

¹ The ERI is calculated as “(number of upgrades – number of downgrades)/total number of upgrades and downgrades”. It can range between -1 to 1.

EBITDA growth for the Nifty 50 and Nifty 500 remained subdued at 2.6% and 1.9% YoY, respectively, constrained by elevated operating costs in the initial two quarters of the fiscal year.

- Aggregate PAT growth recovered in Q3:** Aggregate PAT growth rebounded in Q3FY25, reaching a three-quarter high of 9.5% YoY for Nifty 50 and a four-quarter high of 11.1% YoY for Nifty 500 companies. On a sequential basis, PAT growth expanded by 6% and 10.7% QoQ, respectively after two quarters of muted performance. PAT margin expanded by 52bps and 59bps YoY for Nifty 50 and Nifty 500 universe respectively, reaching 11.4% and 10%, respectively. Excluding Nifty 50, the rest of the Nifty 500 universe saw stronger PAT growth of 13.2% YoY, though net profit margin remained lower at 8.6%. Sector-wise, Financials led the profit growth in the quarter gone by, contributing 70% to Nifty 50's and 62% to Nifty 500's YoY PAT rise, with sectoral earnings growing 21% YoY for Nifty 50 and 18.5% YoY for Nifty 500. However, on a QoQ basis, Financials witnessed slight weakness in PAT growth, impacted by slower credit and deposit growth, higher interest costs, and asset quality pressures. For 9MFY25, PAT growth stood at 4.6% YoY and 3.8% YoY for Nifty 50 and Nifty 500 respectively.
- Downward revisions continued for another quarter:** Our analysis of earnings revisions of the top 200 well-covered companies by market capitalisation shows that aggregate earnings estimate for FY25 fell by 2.4% since December-end, translating into earnings growth falling to 3.2% (As on February 21st) from 9.8% as of September-end. Notably, all sectors, barring Communication Services and Real Estate, have seen downgrades in earnings estimates, led by Energy and Materials, reflecting the impact of weakening demand and rising global trade uncertainty. Excluding these two—accounting for 78% of the cut in aggregate earnings since December-end, the downward revision in aggregate profit estimate was relatively modest at 0.7%. Earnings estimate for FY26 was also cut by 3.1% since Dec-end, translating into an expected profit growth of 17.6% (CAGR over FY24-26: 10.2%). The downward revision in FY26 earnings was relatively broad-based, with Energy, Financials and Materials together accounting for nearly 73% to the absolute decline in FY26 profit estimate.
- ...With the ERI falling deep in the negative territory:** After a sharp drop following the onset of the Russia-Ukraine war in Feb'22, the Earnings Revision Indicator (ERI)² for the Nifty 50 universe picked up in H2-2022, indicating higher number of upgrades than downgrades. This was aided by resilient economic performance, strong Government capex and robust credit offtake by banks. The ERI moved in a tight band over the subsequent 15 months until March 2024, as in-line corporate earnings kept number of upgrades and downgrades contained. In FY25 thus far, however, the ERI has turned volatile again, and has fallen deep in the negative territory since October 2024. All sectors barring Communication services and Healthcare have the ERI values hovering deep in the negative territory, indicating a greater number of downgrades than upgrades.

Aggregate adjusted PAT growth for Nifty 50 and Nifty 500 companies came in at a three- and four-quarter high of 9.5% YoY and 11.1% YoY respectively in Q3FY25.

Aggregate earnings growth of top 200 companies is pegged at 3.2% and 17.6% in FY25 and FY26 respectively, implying an earnings CAGR of 10.2% during this period.

² The ERI is calculated as “(number of upgrades – number of downgrades)/total number of upgrades and downgrades”. It can range between -1 to 1.

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Nifty 50 Q3FY25 results

Topline growth for Nifty50 companies moderated to a four-year low in Q3FY25: The Nifty 50 companies experienced a slowdown in their topline growth for three straight quarters, as YoY growth dropped from 10.5% in Q4FY24 to 9.6% in Q1FY25, then to 6.6% in Q2FY25, and ultimately reached a 16-quarter low of 4.5% in Q3FY25. On a sequential basis, however, the topline growth improved during the quarter, rising 2.3% QoQ after a decline in the previous two quarters. When compared to pre-pandemic performance, the topline growth in Q3FY25 was lower than the average YoY/QoQ growth rates of 10.2%/4.7% observed during the same quarter in the five years leading up to the pandemic (2015-2019). For the first nine months of FY25 (9MFY25), topline grew by 6.9% YoY to Rs 55.8 lakh crore. Within the Nifty 50, 41/31 companies reported YoY/QoQ growth in net sales in Q3FY25, compared to 40/36 companies, in the previous quarter.

While all sectors reported YoY growth in net sales in the December quarter, the performance across sectors remained uneven. Consumer Discretionary contributed approximately 26.5% to the YoY growth and 49.5% to the QoQ growth in the Nifty 50's overall revenue growth in Q3FY25, driven by strong demand for autos and consumer durables during the festive season. As a result, the sector's growth rate rebounded to 9.7% YoY and 9.4% QoQ, reversing a declining trend observed over the past five quarters. Energy and Financials, together accounting for ~50% of the aggregate Nifty 50 revenues, registered modest topline growth of 2.3% and 2.7% YoY and contributed 15.7% and 13.7% to the overall Nifty 50 topline growth in the December quarter, respectively. In fact, Financials recorded their weakest growth in the last 10 quarters, weighed by investment losses by companies in the Insurance segment. However, companies in Banking (gross interest income) and Diversified Financials segment performed well, growing by a healthy 11% and 22% YoY respectively. Revenue growth for the Energy sector improved QoQ, albeit off a low base, partly offset by lower realizations owing to falling crude prices and muted demand. Excluding Energy and Financials, the Nifty 50 topline growth stood at a slightly higher 6.7 % YoY and 4% QoQ, respectively.

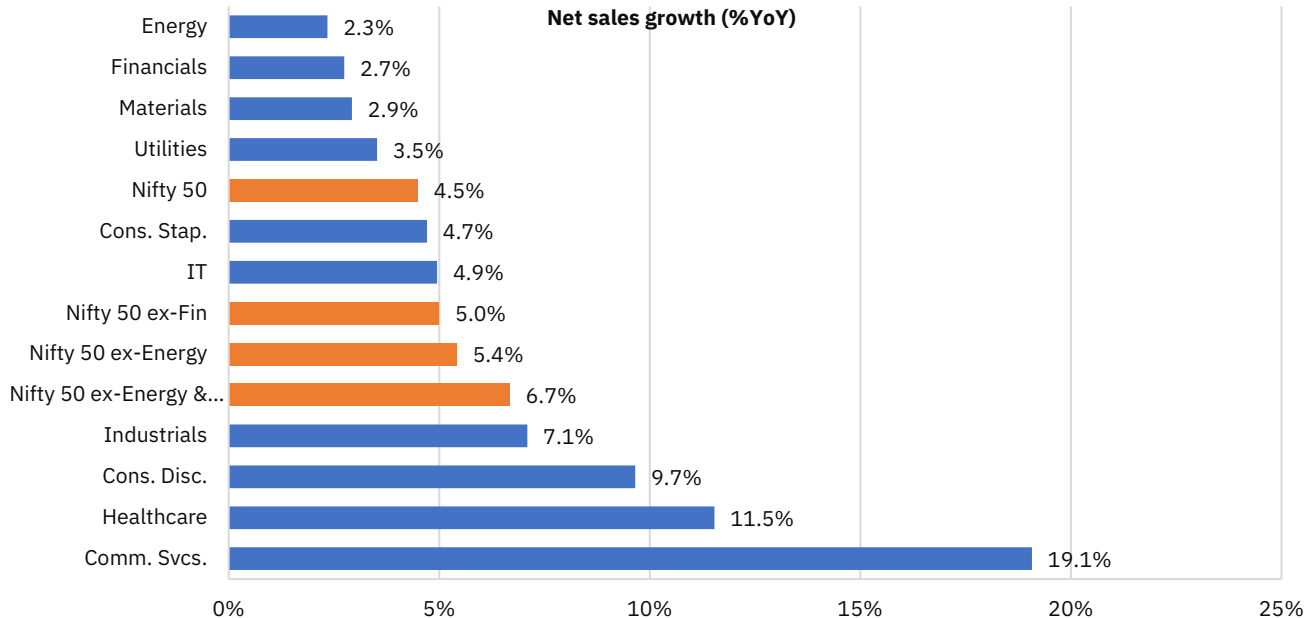
The Communication Services sector posted a strong 19.1% YoY growth, its highest in the eight quarters, contributing nearly 9% to the Nifty 50's topline growth in the December quarter. This was partly driven by strong demand for communication and data services combined with consolidation of Indus Tower's business into Bharti Airtel's financials – the sole sector representative in the Nifty 50 index. Excluding this sector, the Nifty 50's topline growth was 4.2% YoY and 2.2% QoQ in Q3FY25.

Export oriented sectors, Information Technology (4.5% YoY/0.9% QoQ) and Health care (11.5% YoY/2% QoQ), contributed 10% and 3.5% and 4.4% and 1.6% respectively to the YoY and QoQ Nifty 50 top-line growth in the December quarter, thanks to strong export demand, particularly from the US markets, and currency tailwinds. The Materials sector (2.9% YoY/2.4% QoQ) exhibited a mixed performance during the quarter. Cement companies performed well, benefiting from the increased construction activity and infrastructure spending, while metal companies struggled due to lower realizations.

Table 1: Sector-wise net sales growth of Nifty 50 companies

Sector	QoQ growth			YoY growth			9MFY25	
	Dec-23	Sep-24	Dec-24	Dec-23	Sep-24	Dec-24	(Rs lakh crore)	Growth (%)
Communication Services	2.3	7.7	8.8	5.9	12.0	19.1	1.3	11.3
Consumer Discretionary	3.0	(0.6)	9.4	21.7	3.2	9.7	6.9	7.4
Consumer Staples	(0.8)	6.4	(4.4)	2.2	8.7	4.7	1.5	6.3
Energy	5.4	(4.5)	6.1	0.3	1.7	2.3	16.3	3.1
Financials	8.3	4.3	(5.6)	35.9	17.8	2.7	12.8	14.9
Health Care	1.5	5.7	2.0	10.6	10.9	11.5	1.0	10.6
Industrials	12.3	4.4	5.7	15.4	13.8	7.1	2.9	10.3
Information Technology	1.5	2.9	0.9	1.8	5.6	4.9	5.1	4.6
Materials	(0.6)	(3.1)	2.4	2.8	(0.1)	2.9	6.4	1.4
Utilities	(3.3)	(6.0)	0.6	(2.7)	(0.5)	3.5	1.7	4.3
Nifty 50	4.4	(0.1)	2.3	10.7	6.6	4.5	55.8	6.9
Nifty 50 ex-Energy	4.0	1.8	0.8	15.8	8.7	5.4	39.5	8.5
Nifty 50 ex-Financials	3.3	(1.4)	4.8	5.0	3.5	5.0	43.0	4.7
Nifty 50 ex-energy ex-fin	2.0	0.6	4.0	8.3	4.6	6.7	26.7	5.7
Nifty 50 excl HDFCBK	4.4	(0.2)	2.3	8.9	6.4	4.3	30.1	8.1

Source: CMIE Prowess, LSEG workspace, NSE EPR. Note: The above table provides data for companies in the Nifty 50 index as on December 31st, 2024.

Figure 1: Sector-wise net sales growth of Nifty 50 companies in Q3FY25


Source: CMIE Prowess, LSEG workspace, NSE EPR.

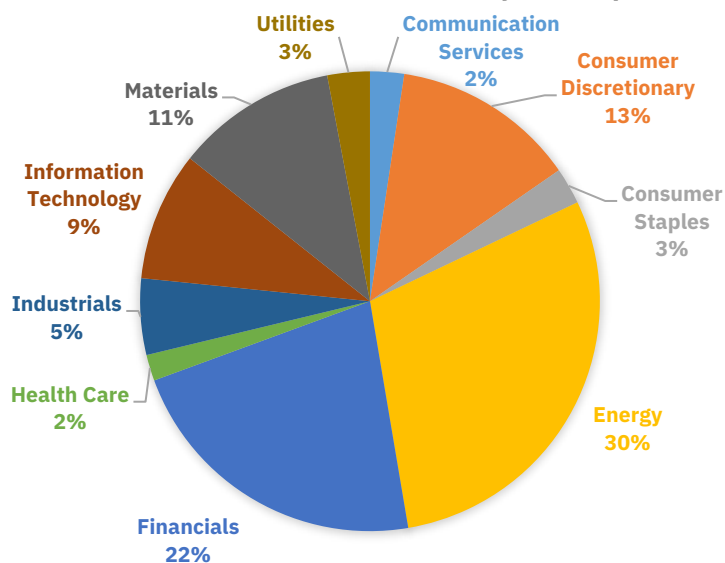
Note: The above chart provides data for companies in the Nifty 50 index as on December 31st, 2024.

Table 2: Sector-wise contribution of Nifty 50 companies to net sales growth in Q3FY25

Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	45,129	0.2	0.4
Consumer Discretionary	2,44,603	1.1	1.2
Consumer Staples	48,424	(0.1)	0.1
Energy	5,55,028	1.7	0.7
Financials	4,16,360	(1.3)	0.6
Health Care	34,657	0.0	0.2
Industrials	1,01,250	0.3	0.4
Information Technology	1,71,231	0.1	0.4
Materials	2,13,952	0.3	0.3
Utilities	56,286	0.0	0.1
Nifty 50	18,86,921	2.3	4.5
Nifty 50 ex-Energy	13,31,892	1.1	3.8
Nifty 50 ex-Financials	14,70,561	7.1	3.9
Nifty 50 ex-energy ex-fin	9,15,532	3.7	3.2

Source: CMIE Prowess, LSEG workspace, NSE EPR

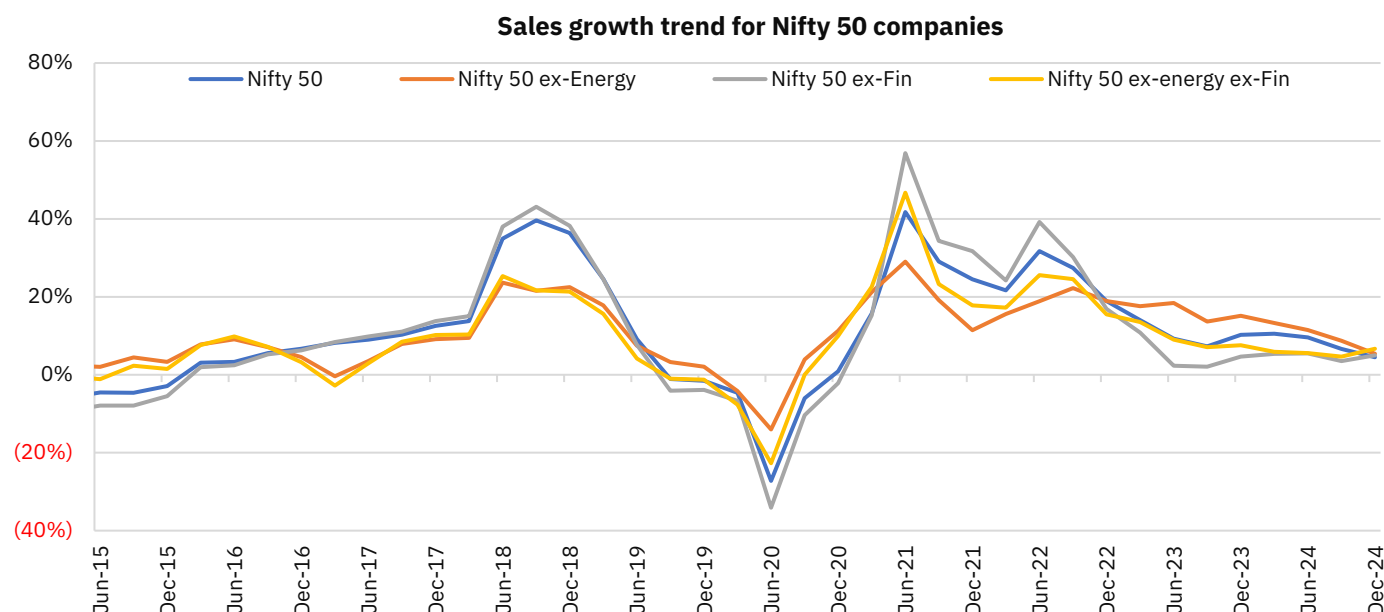
Note: The above table provides data for companies in the Nifty 50 index as on December 31st, 2024.

Figure 2: Sector-wise share in net sales of Nifty 50 companies in Q3FY25


Source: CMIE Prowess, LSEG workspace, NSE EPR

Note: The above chart provides data for companies in the Nifty 50 index as on December 31st, 2024.

Figure 3: Quarterly trend of Nifty 50 revenue growth (YoY)

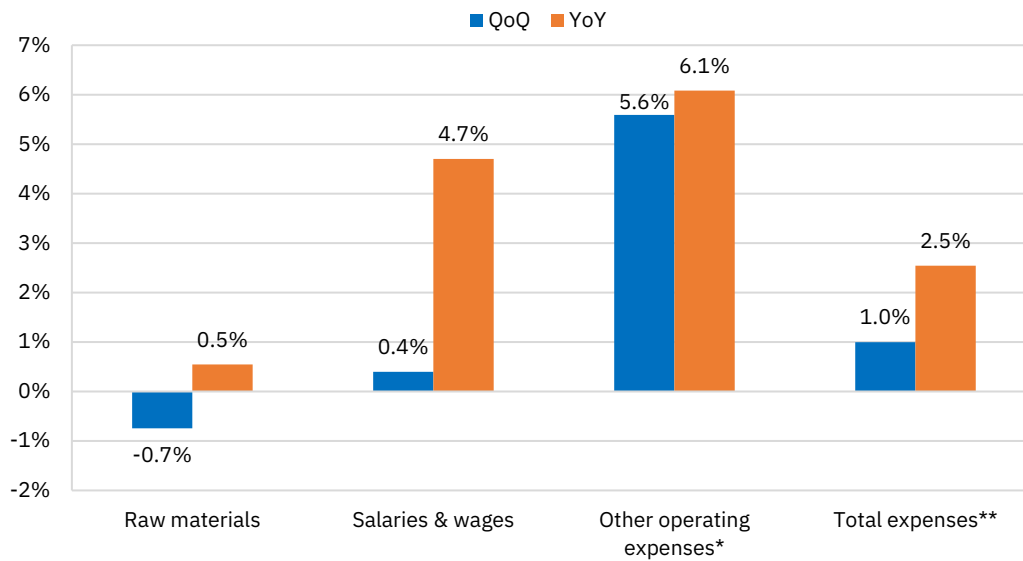


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

Nifty50 companies' EBITDA growth improved in Q3FY25: EBITDA growth for non-financial Nifty 50 companies rebounded in Q3FY25, rising 6.9% YoY—a three-quarter high—outpacing 5% revenue growth. On a QoQ basis, EBITDA surged 6.8%—the highest in seven quarters—against 4.8% revenue growth. Of the 39 non-financial Nifty 50 companies, 30 saw YoY EBITDA expansion (vs. 28 in Q2), while 26 posted QoQ growth (vs. 20 in Q2). Margin expansion and cost efficiencies supported the recovery, with operating margins improving by 36bps YoY/38bps QoQ to 20.8%—a five-quarter high. However, 9MFY25 EBITDA growth remained modest at 2.6% YoY.

Raw material costs for the Nifty 50 (ex-Financials) saw only a 0.5% YoY increase and 0.7% QoQ decline, reducing the raw material cost-to-net sales ratio by 211bps YoY/265bps QoQ, reflecting operational efficiency despite subdued revenue growth. The Energy sector led cost savings, driving an 8.4% YoY and 14.7% QoQ EBITDA rise and 98bps YoY/132bps QoQ margin expansion. The wage bill grew 4.7% YoY and 0.4% QoQ, while its share of net sales declined by 3bps YoY/53bps QoQ. Total operating expenses rose modestly by 2.5% YoY and 1% QoQ, mitigated by Energy sector cost savings. Excluding Energy, EBITDA growth slowed to 6.2% YoY—an eight-quarter low—and 3.4% QoQ, with margins contracting by 11bps YoY/13bps QoQ to 22.8%. Materials, Consumer Staples, and Utilities weighed on overall growth, with declining operating profits and margins.

Figure 4: Change in expenses for Nifty 50 companies (ex-Financials) in Q3FY25


Source: CMIE Prowess, LSEG workspace, NSE EPR

1. *Other operating expenses include selling, general & administrative expenses, rental expenses, and other operating costs.

2. ** Total expenses exclude interest expenses and depreciation.

3. The above chart provides data for companies in the Nifty 50 index as on December 31st, 2024.

Table 3: Sector-wise EBITDA growth of Nifty 50 companies

Sector	QoQ growth			YoY growth			9MFY25	
	Dec-23	Sep-24	Dec-24	Dec-23	Sep-24	Dec-24	(Rs crore)	Growth (%)
Communication Services	2.6	10.4	15.3	18.6	13.4	27.5	0.7	14.5
Consumer Discretionary	6.7	(8.4)	7.6	35.5	2.5	3.4	1.2	8.4
Consumer Staples	(1.8)	0.1	(4.1)	1.4	1.0	(1.3)	0.4	0.9
Energy	(10.5)	(6.1)	14.7	12.3	(15.4)	8.4	2.7	(7.3)
Financials	6.1	4.3	0.7	44.8	20.3	14.2	9.3	20.3
Health Care	2.0	6.7	4.1	18.3	15.9	18.2	0.3	16.5
Industrials	4.2	8.2	1.2	27.4	18.1	14.7	0.6	17.5
Information Technology	3.0	0.1	5.4	(0.1)	6.3	8.8	1.3	8.1
Materials	11.1	(4.2)	(2.8)	32.1	5.9	(7.4)	0.9	0.4
Utilities	3.3	3.4	(3.5)	2.0	6.8	(0.2)	0.7	4.4
Nifty 50	2.6	1.3	3.6	27.8	9.4	10.5	18.2	11.0
Nifty 50 ex-Energy	5.5	2.7	1.8	31.2	14.9	10.9	15.4	15.0
Nifty 50 ex-Financials	(0.6)	(1.7)	6.8	14.8	(0.5)	6.9	8.8	2.6
Nifty 50 ex-energy ex-fin	4.7	0.2	3.4	15.9	7.5	6.2	6.1	7.8

Source: CMIE Prowess, LSEG Workspace, NSE EPR

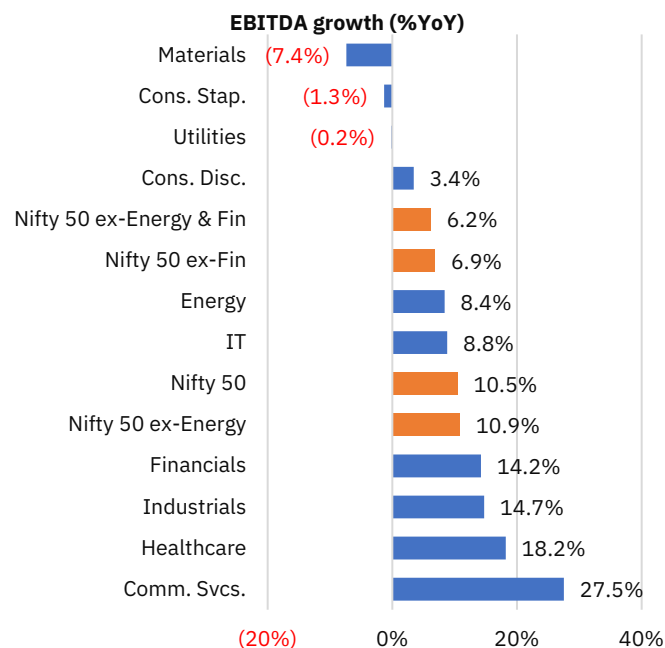
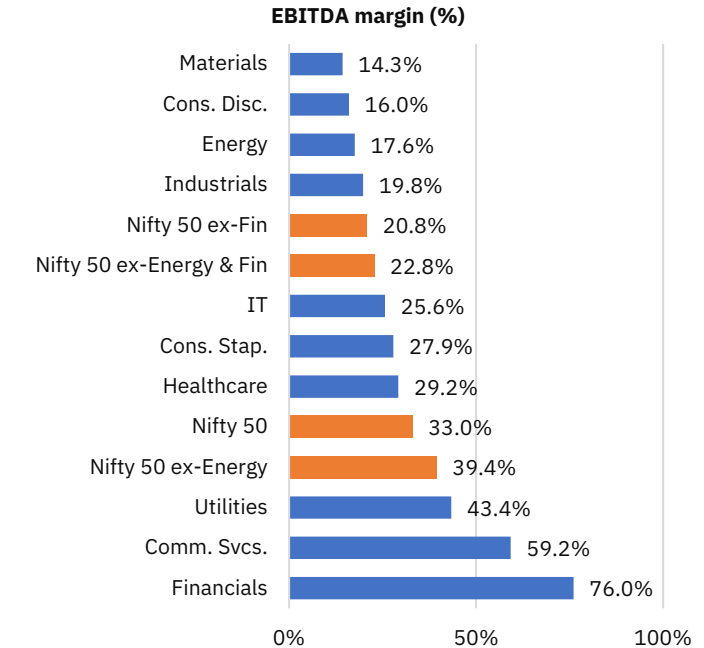
Note: The above table provides data for companies in the Nifty 50 index as on December 31st, 2024.

Table 4: Sector-wise EBITDA margin of Nifty 50 companies in Q3FY25

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	59.2	334	392
Consumer Discretionary	16.0	(27)	(96)
Consumer Staples	27.9	9	(170)
Energy	17.6	132	98
Financials	76.0	475	764
Health Care	29.2	58	165
Industrials	19.8	(87)	132
Information Technology	25.6	110	91
Materials	14.3	(76)	(159)
Utilities	43.4	(182)	(160)
Nifty 50	33.0	41	179
Nifty 50 ex-Energy	39.4	37	194
Nifty 50 ex-Financials	20.8	38	36
Nifty 50 ex-energy ex-fin	22.8	(13)	(11)

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 50 index as on December 31st, 2024.

Figure 5: Sector-wise EBITDA growth of Nifty 50 companies in Q3FY25

Figure 6: Sector-wise EBITDA margin of Nifty 50 companies in Q3FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

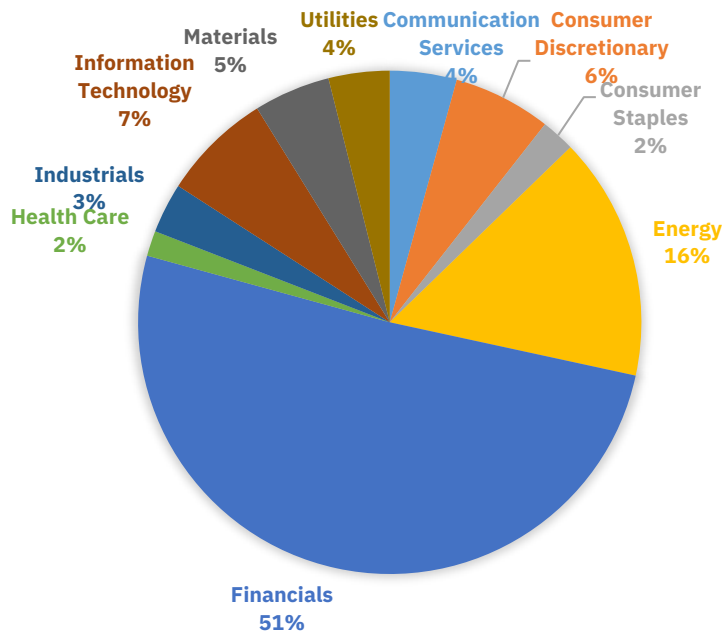
Note: The above charts provide data for companies in the Nifty 50 index as on December 31st, 2024.

Table 5: Sector-wise contribution of Nifty 50 companies to EBITDA growth in Q3FY25

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	26,726	0.6	1.0
Consumer Discretionary	39,155	0.5	0.2
Consumer Staples	13,493	(0.1)	(0.0)
Energy	97,413	2.1	1.3
Financials	3,16,633	0.4	7.0
Health Care	10,112	0.1	0.3
Industrials	20,046	0.0	0.5
Information Technology	43,904	0.4	0.6
Materials	30,591	(0.1)	(0.4)
Utilities	24,412	(0.1)	(0.0)
Nifty 50	6,22,485	3.6	10.5
Nifty 50 ex-Energy	5,25,072	1.5	9.1
Nifty 50 ex-Financials	3,05,852	3.2	3.5
Nifty 50 ex-energy ex-fin	2,08,439	1.1	2.1

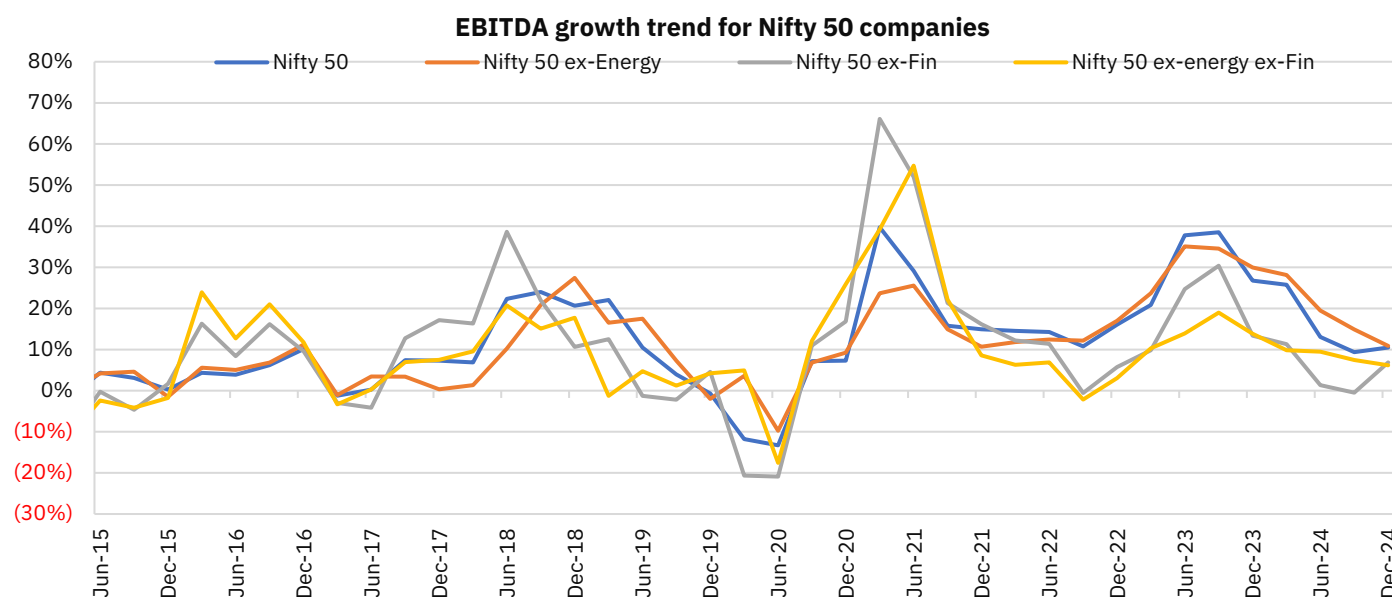
Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 50 index as on December 31st, 2024.

Figure 7: Sector-wise share in EBITDA of Nifty 50 companies in Q3FY25


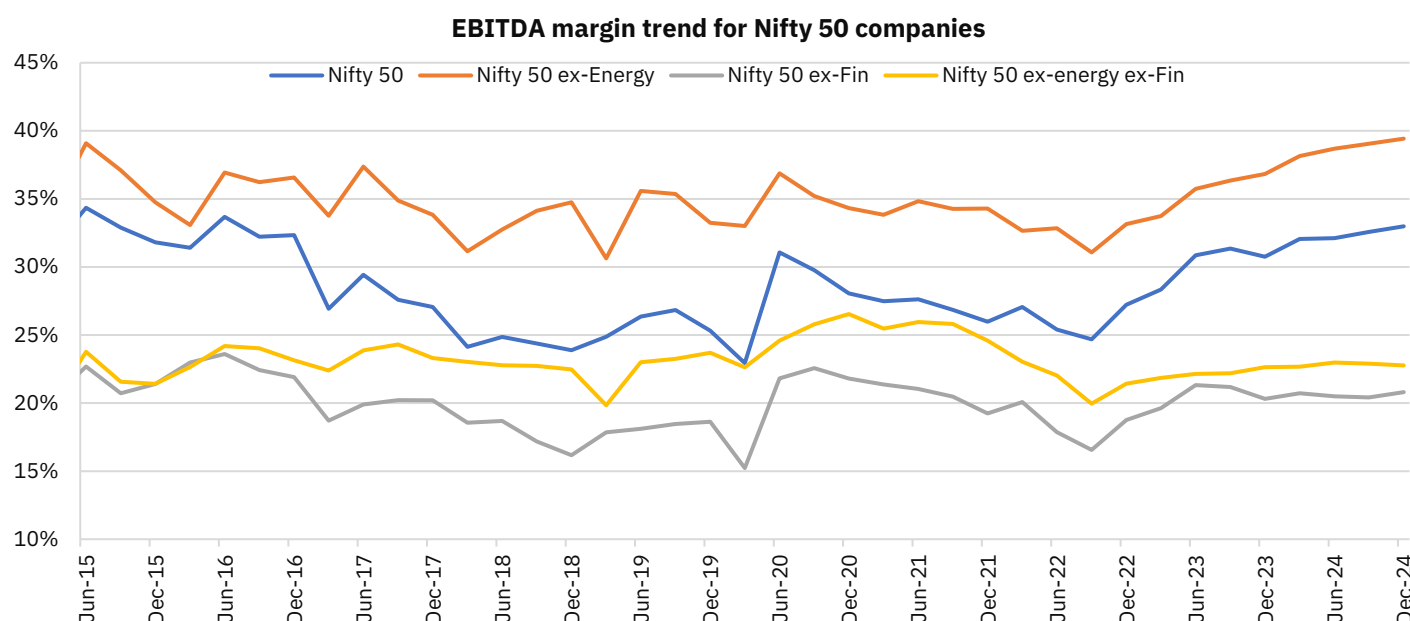
Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart provides data for companies in the Nifty 50 index as on December 31st, 2024.

Figure 8: Quarterly trend of Nifty 50 EBITDA growth (YoY)


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

Figure 9: Quarterly EBITDA margin trend of Nifty 50 companies


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

PAT growth for Nifty 50 universe touched three-quarter high in Q3: In Q3FY25, aggregate PAT growth reached a three-quarter high of 9.5% YoY and 6% QoQ, reversing the slowing growth trend of the previous two quarters. Consequently, PAT growth for the first nine months of FY25 stood at 4.6% YoY to reach Rs 6.3 lakh crore. Among Nifty 50 companies, 23 firms reported YoY PAT growth, while 27 saw QoQ growth in the December quarter, compared to 23 and 15 companies respectively in the previous quarter. PAT margin improved by 52 bps YoY and 40 bps QoQ to reach a three-quarter high of 11.4%.

Financials, accounting for 35% of Nifty 50's total PAT, drove 70% of YoY profit growth, rising 21% YoY in Q3FY25, partly due to a low base in December 2023. However, on a

sequential basis, the sector's profits declined by 3%, impacted by a slowdown in credit and deposit growth, higher interest costs, and asset quality slippages. Communication Services saw a twofold rise in profitability in Q3FY25, primarily due to the inclusion of Indus Tower's financials in Bharti Airtel's earnings, which boosted profits in December quarter. Excluding Financials and Communication Services, Nifty 50's PAT growth remained flat YoY but rose by 8.4% QoQ. Among other sectors, Information technology and Health care reported 9.8 YoY/7.3 QoQ and 18.9% YoY/6.7% QoQ growth in aggregate PAT, thanks to healthy revenue growth and currency tailwinds.

Table 6: Sector-wise PAT growth of Nifty 50 companies in Q3FY25

Sector	QoQ growth			YoY growth			9MFY25	
	Dec-23	Sep-24	Dec-24	Dec-23	Sep-24	Dec-24	(Rs crore)	Growth (%)
Communication Services	(21.5)	36.5	106.8	10.1	13.4	198.6	0.2	95.9
Consumer Discretionary	23.8	(18.8)	29.0	58.3	(3.8)	0.3	0.5	8.0
Consumer Staples	(2.1)	(0.8)	(4.7)	0.7	(0.9)	(3.6)	0.3	(1.1)
Energy	(17.1)	(8.7)	16.4	11.0	(26.8)	2.9	1.2	(17.2)
Financials	(5.7)	6.8	(3.0)	6.9	17.6	21.0	2.3	17.3
Health Care	5.0	7.5	6.7	25.7	17.0	18.9	0.2	18.1
Industrials	18.7	12.7	(16.0)	53.8	32.0	(6.6)	0.3	17.2
Information Technology	3.9	(1.5)	7.3	(1.0)	6.3	9.8	0.8	8.7
Materials	19.4	(19.9)	(5.6)	101.7	(14.8)	(32.7)	0.3	(18.5)
Utilities	8.6	(2.1)	(1.5)	9.6	7.8	(2.2)	0.3	5.1
Nifty 50	(2.4)	(1.0)	6.0	15.3	0.8	9.5	6.3	4.6
Nifty 50 ex-Energy	2.7	0.9	3.7	16.5	10.3	11.4	5.0	11.8
Nifty 50 ex-Financials	(0.7)	(5.4)	11.7	19.7	(7.4)	4.2	4.0	(1.5)
Nifty 50 ex-energy ex-fin	9.4	(3.9)	9.6	24.2	4.5	4.8	2.7	7.7
Nifty 50 ex-HDFCBK	(2.8)	(1.9)	6.8	14.3	(0.7)	9.2	5.7	3.2

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 50 index as on December 31st, 2024.

Table 7: Sector-wise PAT margin of Nifty 50 companies in Q3FY25

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	19.0	902	1144
Consumer Discretionary	7.7	117	(73)
Consumer Staples	18.3	(7)	(158)
Energy	7.9	70	4
Financials	18.2	48	274
Health Care	19.0	84	118
Industrials	8.0	(205)	(117)
Information Technology	16.4	98	72
Materials	3.7	(31)	(194)
Utilities	16.0	(34)	(94)
Nifty 50	11.4	40	52
Nifty 50 ex-Energy	12.9	36	69
Nifty 50 ex-Financials	9.5	59	(7)
Nifty 50 ex-energy ex-fin	10.5	54	(19)

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 50 index as on December 31st, 2024.

Figure 10: Sector-wise PAT growth of Nifty 50 companies in Q3FY25

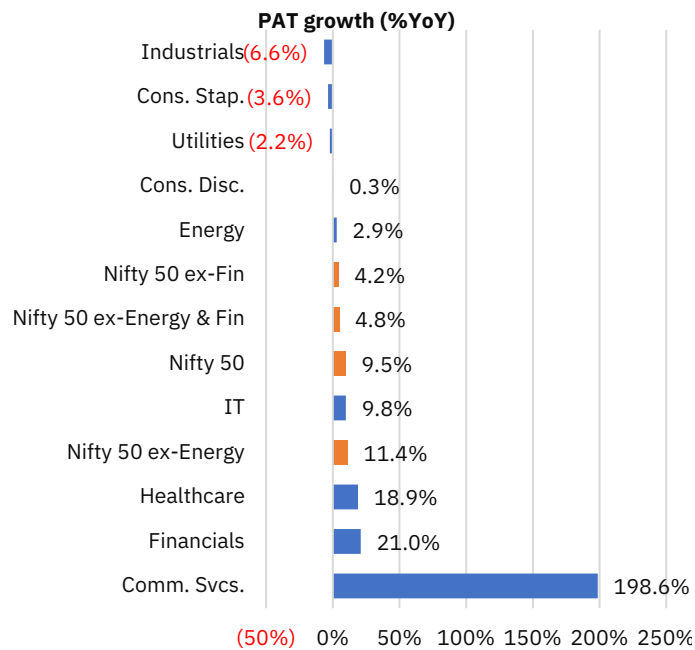
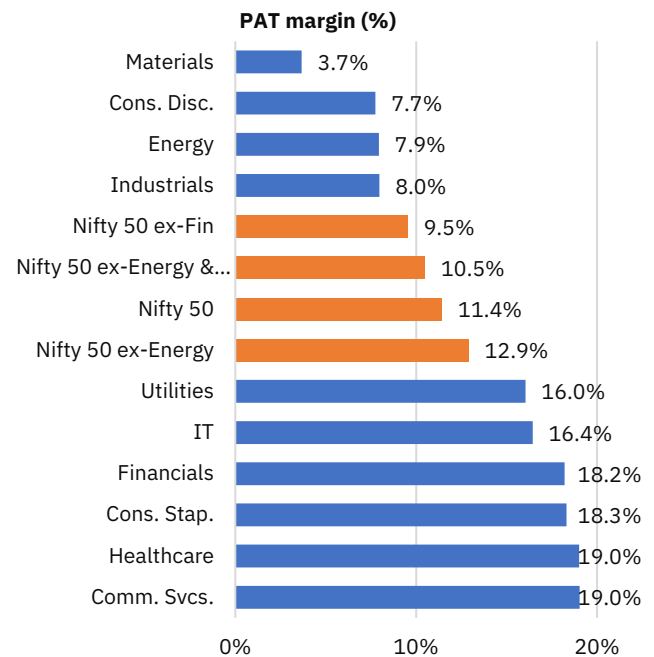


Figure 11: Sector-wise PAT margin of Nifty 50 companies in Q3FY25



Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above charts provide data for companies in the Nifty 50 index as on December 31st, 2024.

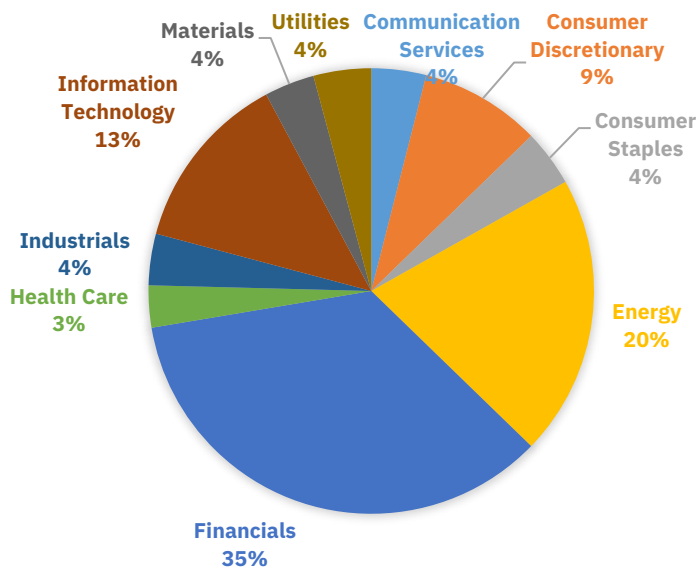
Table 8: Sector-wise contribution of Nifty 50 companies to PAT growth in Q3FY25

Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	8,589	2.2	2.9
Consumer Discretionary	18,942	2.1	0.0
Consumer Staples	8,868	(0.2)	(0.2)
Energy	44,053	3.0	0.6
Financials	75,796	(1.1)	6.7
Health Care	6,587	0.2	0.5
Industrials	8,064	(0.8)	(0.3)
Information Technology	28,155	0.9	1.3
Materials	7,850	(0.2)	(1.9)
Utilities	9,032	(0.1)	(0.1)
Nifty 50	2,15,935	6.0	9.5
Nifty 50 ex-Energy	1,71,882	3.0	8.9
Nifty 50 ex-Financials	1,40,139	7.2	2.9
Nifty 50 ex-energy ex-fin	96,086	4.1	2.2

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 50 index as on December 31st, 2024.

Figure 12: Sector-wise share in PAT of Nifty 50 companies in Q3FY25

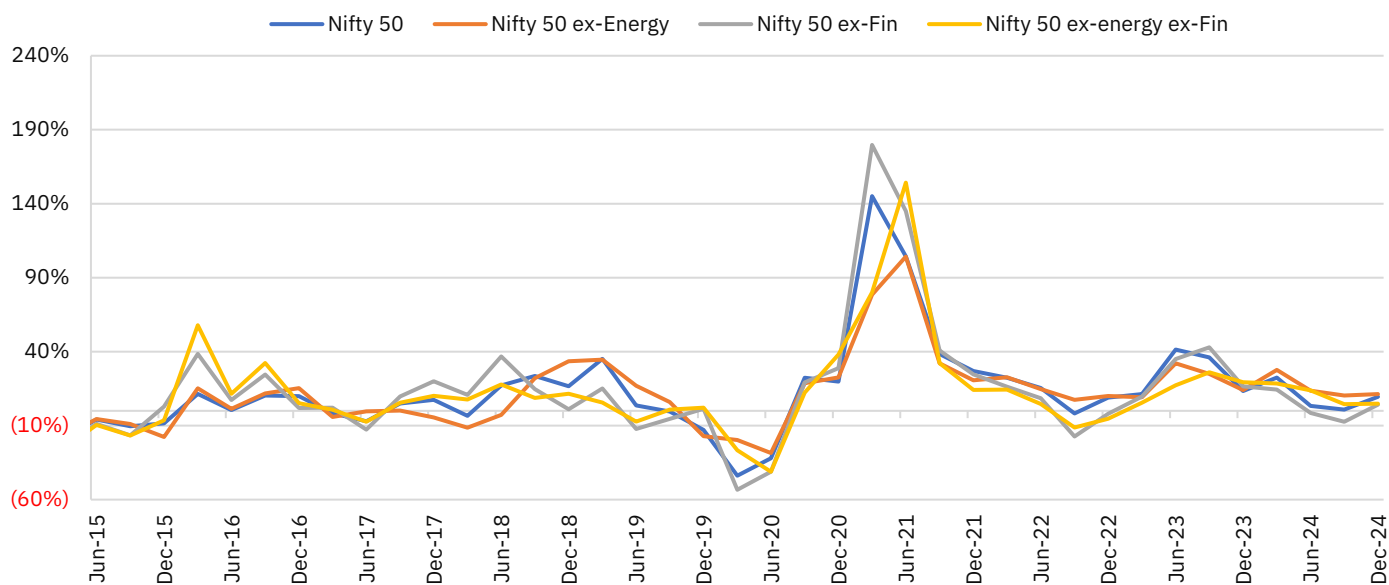


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart provides data for companies in the Nifty 50 index as on December 31st, 2024.

Figure 13: Quarterly trend of Nifty 50 PAT growth (YoY)

PAT growth trend for Nifty 50 companies

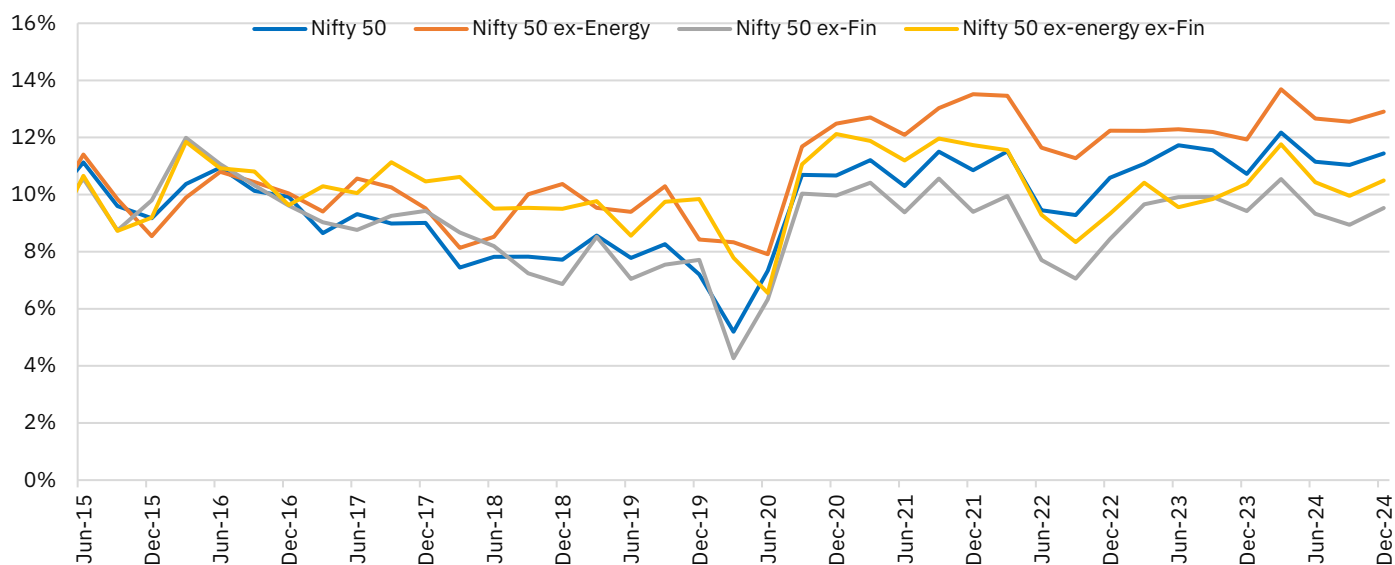


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

Figure 14: PAT margin trend of Nifty 50 companies

PAT margin trend for Nifty 50 companies



Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 50 index as on end of respective quarters.

Nifty 500 Q3FY25 results

Topline growth for Nifty500 companies slowed to a five-quarter low in Q3FY25: The total revenue for Nifty 500 companies grew by 4.6% YoY to Rs39 lakh crore, with a modest 1.6% QoQ increase, indicating a sustained slowdown in corporate revenues amid weakening urban demand. Nifty 50 companies, which account for 48% of the Nifty 500's total revenue, contributed 47% of the YoY growth in the overall revenue of the Nifty 500 in the December quarter, up from 39% in the previous quarter. Excluding Nifty 50, the revenue growth for Nifty 500 companies in Q3FY25 was slightly higher at 4.7% YoY. However, it marked a significant slowdown from the 9.7% YoY growth in the previous quarter and the 6.4% YoY growth in Q3FY23. Among the other constituents, Nifty Next 50, Nifty Midcap 150, and Nifty Smallcap 250 companies contributed 5%, 33%, and 15%, respectively, to the overall revenue growth of the Nifty 500 universe.

Within the Nifty 500 universe, 390 and 316 companies recorded expansion in the revenues on a YoY and QoQ basis respectively in the December quarter. In the first nine month of the current fiscal year (9MFY25), Nifty 500 revenue growth stood at 7.2% YoY – marginally higher than Nifty 50 universe.

Sector-wise: The topline growth of Nifty500 companies was primarily driven by the Consumer Discretionary sector, contributing 24% and 40% of the YoY and QoQ topline growth in the December quarter. The sector benefitted from robust demand in auto, consumer durables and retail segment fueled by festive offers and rise in rural demand. The sector maintained double-digit growth for two consecutive quarters, although the growth rate slowed slightly in the December quarter compared to the previous one.

Industrials sector, that represents 8% of the Nifty 500 topline, exhibited a robust performance contributing 16.6% of the topline growth of Nifty 500 universe and a phenomenal 24% of the Nifty 500 (ex-Nifty 50) universe, thanks to robust demand for capital goods, resulting in 10.5% YoY and 12.3% YoY growth respectively. Although the Materials sector accounted to just 7% of Nifty 50 universe's revenue growth, it contributed 21% to the growth within the Nifty 500 universe (ex-Nifty 50), led majorly by companies in the cement and fertilisers segment.

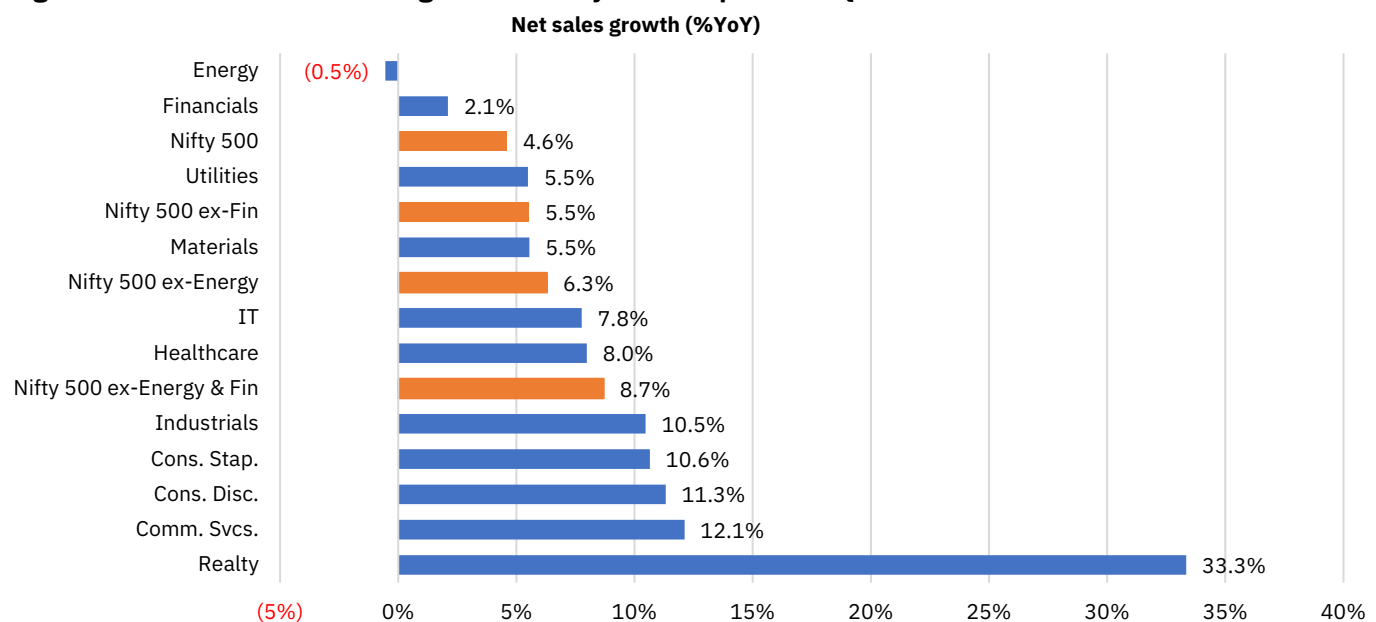
In contrast, key sectors such as Financials and Energy showed subdued performance in the December quarter. While the Financials sector registered modest growth of 2.1% YoY, the Energy sector saw a slight contraction of 0.5% YoY. Excluding these sectors, Nifty 500 universe topline registered a slightly higher rate of 5.5% YoY during the quarter.

Table 9: Sector-wise net sales growth of Nifty 500 companies

Sector	QoQ growth			YoY growth			9MFY25	
	Dec-23	Sep-24	Dec-24	Dec-23	Sep-24	Dec-24	(Rs lakh crore)	Growth (%)
Communication Services	1.0	3.5	4.9	6.8	8.0	12.1	2.4	8.0
Consumer Discretionary	10.3	2.5	6.6	8.3	14.7	11.3	11.6	10.5
Consumer Staples	0.3	2.1	2.0	3.3	8.7	10.6	3.9	9.1
Energy	8.9	(6.7)	6.9	(0.5)	1.3	(0.5)	27.0	1.4
Financials	6.9	5.0	(6.3)	24.3	16.6	2.1	32.1	12.3
Health Care	0.4	4.5	0.4	9.4	7.7	8.0	3.1	7.6
Industrials	7.7	2.9	7.3	14.1	10.9	10.5	8.5	10.6
Information Technology	2.7	5.1	2.3	4.2	8.3	7.8	7.2	7.0
Materials	(4.3)	(0.6)	3.0	0.0	(2.0)	5.5	13.9	1.7
Real Estate	9.4	13.5	11.6	7.5	30.8	33.3	0.4	30.2
Utilities	(1.4)	(5.4)	0.1	3.9	3.9	5.5	5.2	7.5
Nifty 500	5.2	0.5	1.6	8.4	8.2	4.6	115.4	7.2
Nifty 500 ex-Energy	4.1	2.8	0.1	11.7	10.4	6.3	88.4	9.0
Nifty 500 ex-Financials	4.6	(1.2)	4.9	3.5	5.2	5.5	83.3	5.3
Nifty 500 ex-energy ex-fin	2.5	1.5	4.0	5.7	7.1	8.7	56.3	7.3

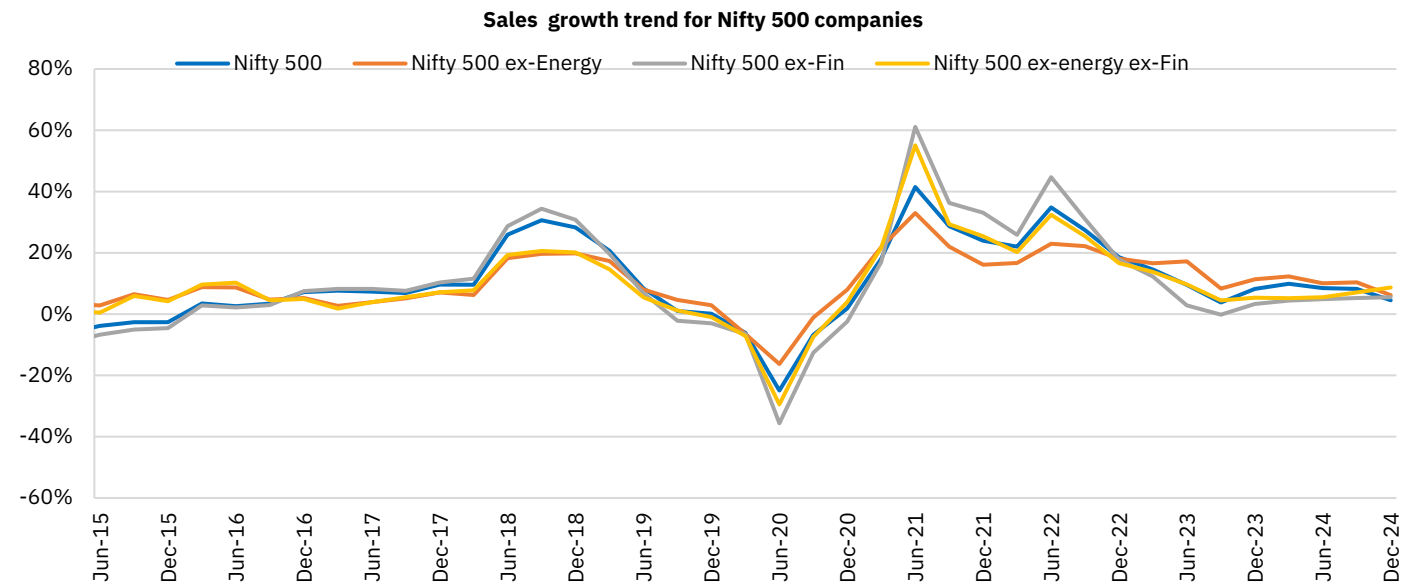
Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 500 index as on December 31st, 2024.

Figure 15: Sector-wise net sales growth of Nifty 500 companies in Q3FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart provides data for companies in the Nifty 500 index as of December 31st, 2024.

Figure 16: Quarterly Nifty 500 revenue growth trend (YoY)


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

Table 10: Sector-wise contribution of Nifty 500 companies to net sales growth in Q3FY25

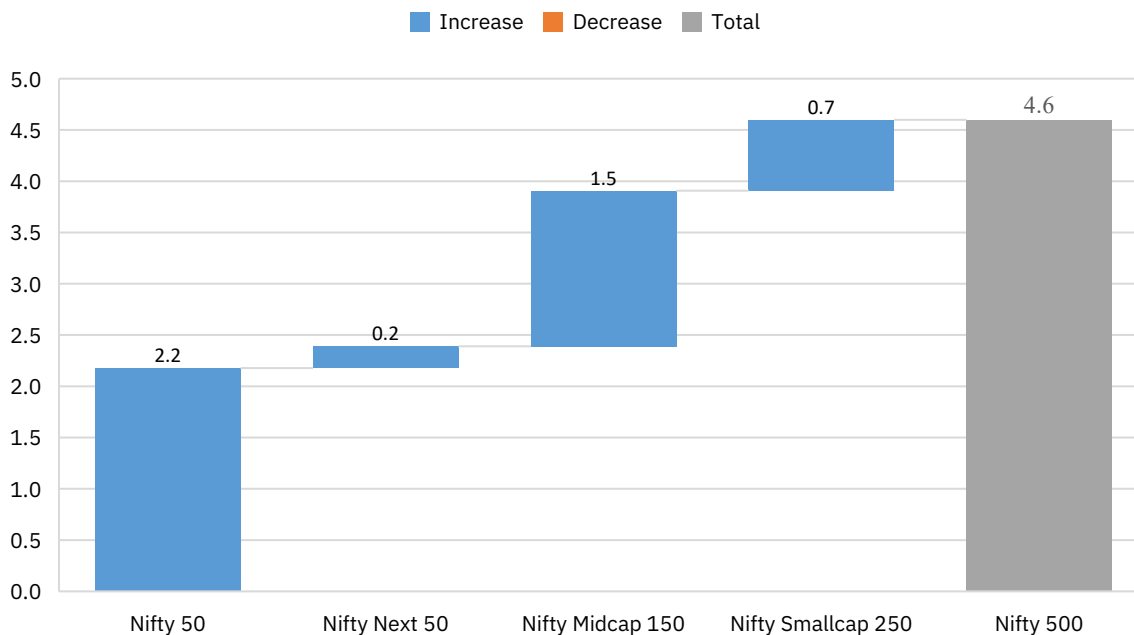
Sector	Net sales (Rs crore)	Contribution to net sales growth	
		% QoQ	% YoY
Communication Services	83,089	0.1	0.2
Consumer Discretionary	4,06,006	0.7	1.1
Consumer Staples	1,34,119	0.1	0.3
Energy	9,18,608	1.5	-0.1
Financials	10,41,921	-1.8	0.6
Health Care	1,09,352	0.0	0.2
Industrials	3,00,201	0.5	0.8
Information Technology	2,46,262	0.1	0.5
Materials	4,74,250	0.4	0.7
Real Estate	15,168	0.0	0.1
Utilities	1,68,722	0.0	0.2
Nifty 500	38,97,699	1.6	4.6
Nifty 500 ex-Energy	29,79,091	0.1	4.7
Nifty 500 ex-Financials	28,55,778	3.5	4.0
Nifty 500 ex-energy ex-fin	19,37,170	1.9	4.2

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 500 index as of December 31st, 2024.

Figure 17: Share of Nifty index constituents in overall net sales growth of Nifty 500 universe in Q3FY25

Contribution of Nifty index constituents to the overall net sales growth (%YoY) in Q3FY25



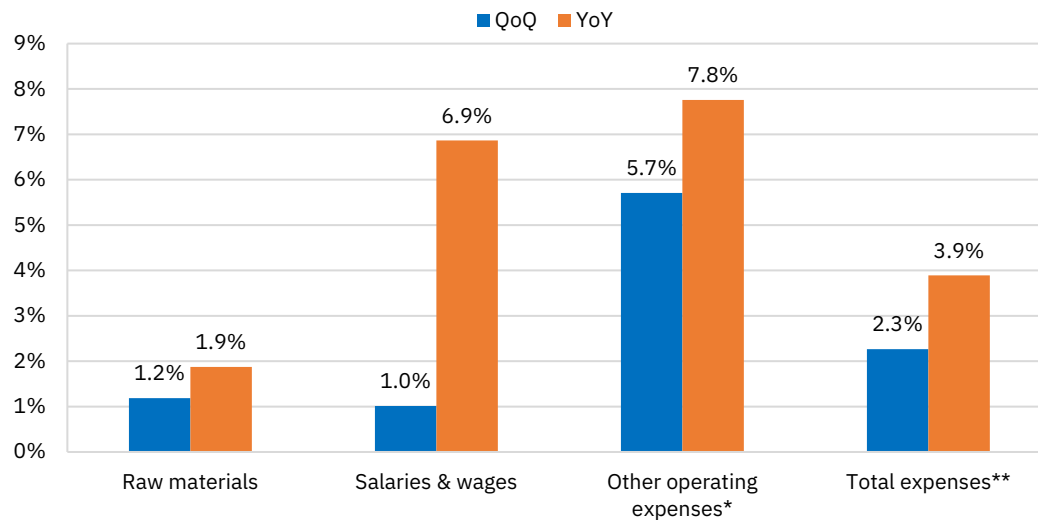
Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart provides data for companies in the Nifty 500 index as of December 31st, 2024.

Operating profit growth reaches a three-quarter high in Q3: In Q3FY25, net sales of the Nifty 500 universe (excluding Financials) grew by 5.7% YoY and 4.9% QoQ, while operating expenses increased at a slower pace of 3.9% YoY and 2.3% QoQ. This led to an EBITDA growth of 7.8% YoY and 9% QoQ, recovering from ultra-low growth rate posted in the previous two quarters. Consequently, EBITDA margins expanded by 40 bps YoY and 70 bps QoQ to 18.7%, marking the highest level in five quarters.

Companies within the Nifty 500 universe, excluding Nifty 50 firms, performed even better, with EBITDA rising 9.2% YoY against a revenue increase of 6.1% YoY, resulting in margin expansion of 131 bps YoY and 178 bps QoQ to 16.5%. Among non-financial companies in the Nifty 500 index, 263 and 222 posted YoY and QoQ growth in EBITDA, compared to 269 and 218, respectively in Q2FY25. For the first nine months of FY25, EBITDA growth remained marginal at 1.9% YoY.

Raw material costs for the Nifty 500 universe (excluding Financials) saw a modest increase of 1.9% YoY and 1.2% QoQ, leading to a 103 bps YoY and 61 bps QoQ contraction in the raw material-to-net sales ratio. While the wage bill and other expenses grew at a faster pace than revenue, total operating expenses increased only marginally. Unlike the Nifty 50 universe, where the Energy sector contributed to cost savings, it weighed heavily on EBITDA growth in the Nifty 500 due to YoY contraction in net revenues. Excluding the Energy sector, the Nifty 500 recorded a higher EBITDA growth rate of 10.8% YoY.

Figure 18: Change in expenses for Nifty 500 companies (ex-Financials) in Q3FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: 1. The above chart provides data for companies in the Nifty 500 index as of December 31st, 2024.

2. *Other operating expenses include selling, general & administrative expenses, rental expenses, and other operating costs.

3. ** Total expenses exclude interest expenses and depreciation.

Table 11: Sector-wise EBITDA growth of Nifty 500 companies

Sector	QoQ growth			YoY growth			9MFY25	
	Dec-23	Sep-24	Dec-24	Dec-23	Sep-24	Dec-24	(Rs lakh crore)	Growth (%)
Communication Services	4.1	8.9	11.7	25.1	13.1	21.3	1.1	12.5
Consumer Discretionary	7.9	(6.2)	8.5	34.2	5.5	6.0	1.8	9.3
Consumer Staples	2.4	(3.6)	(2.4)	8.4	7.1	2.1	0.7	6.8
Energy	(16.3)	(13.6)	22.0	25.0	(32.3)	(1.4)	3.3	-20.2
Financials	5.1	4.5	1.3	42.4	18.8	14.5	19.1	18.2
Health Care	2.6	1.7	(2.7)	16.2	18.3	12.9	0.9	19.1
Industrials	12.4	(1.8)	22.8	25.4	18.2	29.1	1.7	23.4
Information Technology	4.3	3.0	4.5	3.3	8.6	8.8	1.5	8.7
Materials	(3.2)	(2.2)	5.2	18.8	(1.1)	7.5	2.5	5.5
Real Estate	(10.8)	(15.0)	24.8	11.8	(7.0)	30.2	0.2	22.3
Utilities	(6.1)	(3.2)	(8.4)	21.3	2.4	(0.1)	1.7	3.0
Nifty 500	1.2	0.6	4.6	31.4	7.7	11.4	34.5	10.3
Nifty 500 ex-Energy	3.9	2.2	3.0	32.3	14.1	13.0	31.2	15.0
Nifty 500 ex-Financials	(3.0)	(4.0)	9.0	20.6	(4.1)	7.8	15.4	1.9
Nifty 500 ex-energy ex-fin	2.1	(1.3)	5.7	19.3	7.0	10.8	12.1	10.2

Source: CMIE Prowess, LSEG Workspace, NSE EPR

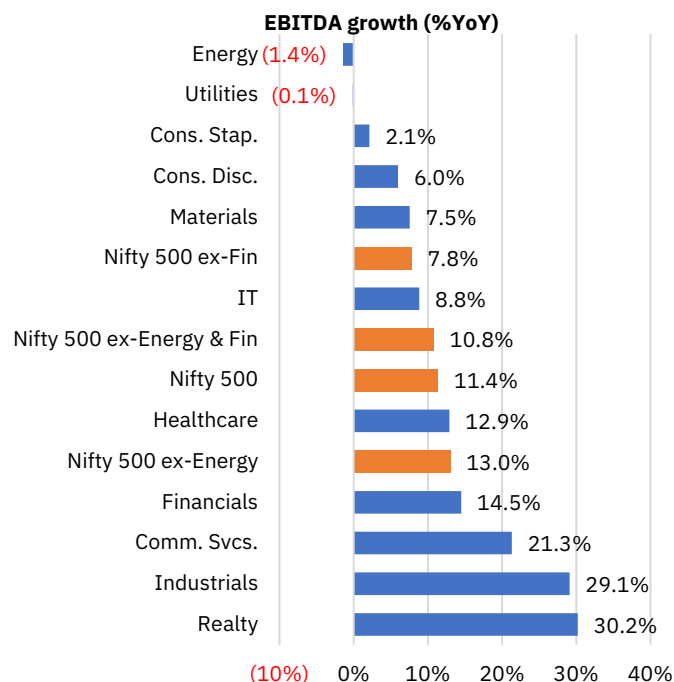
Note: The above table provides data for companies in the Nifty 500 index as of December 31st, 2024.

Table 12: EBITDA margin of Nifty 500 companies in Q3FY25

Sector	EBITDA Margin	QoQ change (bps)	YoY change (bps)
Communication Services	49.9	301	378
Consumer Discretionary	15.2	26	(77)
Consumer Staples	17.9	(81)	(150)
Energy	12.9	160	(12)
Financials	62.6	471	678
Health Care	26.7	(85)	117
Industrials	21.3	270	308
Information Technology	21.6	46	21
Materials	17.8	37	33
Real Estate	38.2	405	(92)
Utilities	30.6	(285)	(172)
Nifty 500	30.5	87	186
Nifty 500 ex-Energy	35.8	100	214
Nifty 500 ex-Financials	18.7	70	40
Nifty 500 ex-energy ex-fin	21.5	36	41

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 500 index as of December 31st, 2024.

Figure 19: Sector-wise EBITDA growth of Nifty 500 companies in Q3FY25


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above charts provide data for companies in the Nifty 500 index as of December 31st, 2024.

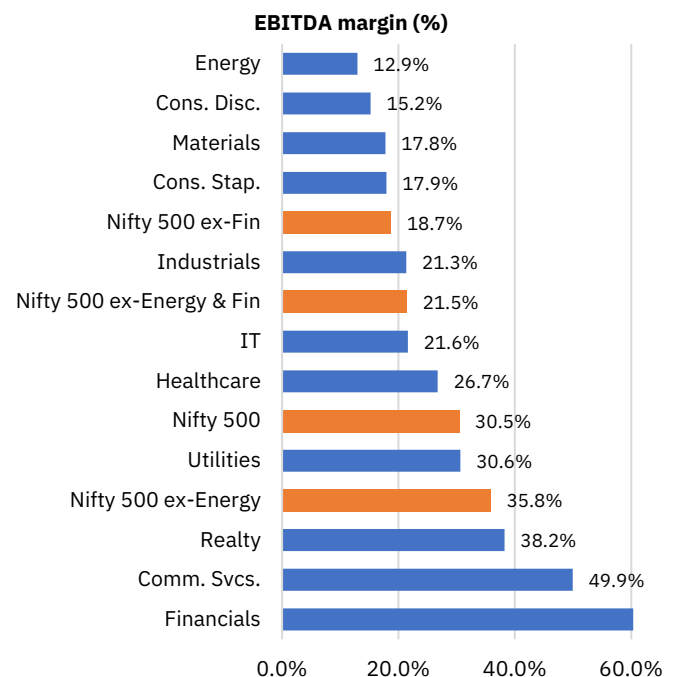
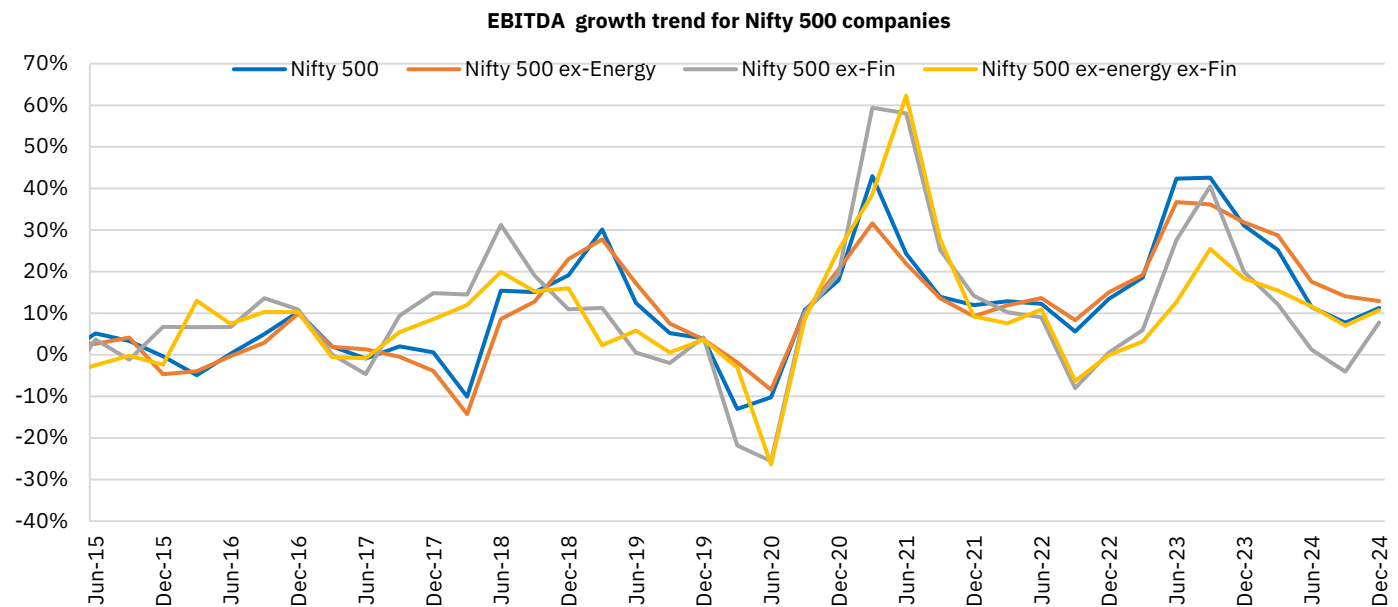
Figure 20: Sector-wise EBITDA margin of Nifty 500 companies in Q3FY25


Table 13: Sector-wise contribution of Nifty 500 companies to EBITDA growth in Q2FY25

Sector	EBITDA (Rs crore)	Contribution to EBITDA growth	
		% QoQ	% YoY
Communication Services	41,491	0.4	0.7
Consumer Discretionary	61,798	0.4	0.3
Consumer Staples	24,038	(0.1)	0.0
Energy	1,18,940	1.9	(0.2)
Financials	6,52,454	0.7	7.8
Health Care	29,244	(0.1)	0.3
Industrials	64,037	1.0	1.4
Information Technology	53,247	0.2	0.4
Materials	84,198	0.4	0.6
Real Estate	5,800	0.1	0.1
Utilities	51,689	(0.4)	(0.0)
Nifty 500	11,86,936	4.6	11.4
Nifty 500 ex-Energy	10,67,996	2.7	11.6
Nifty 500 ex-Financials	5,34,482	3.9	3.6
Nifty 500 ex-energy ex-fin	4,15,541	2.0	3.8

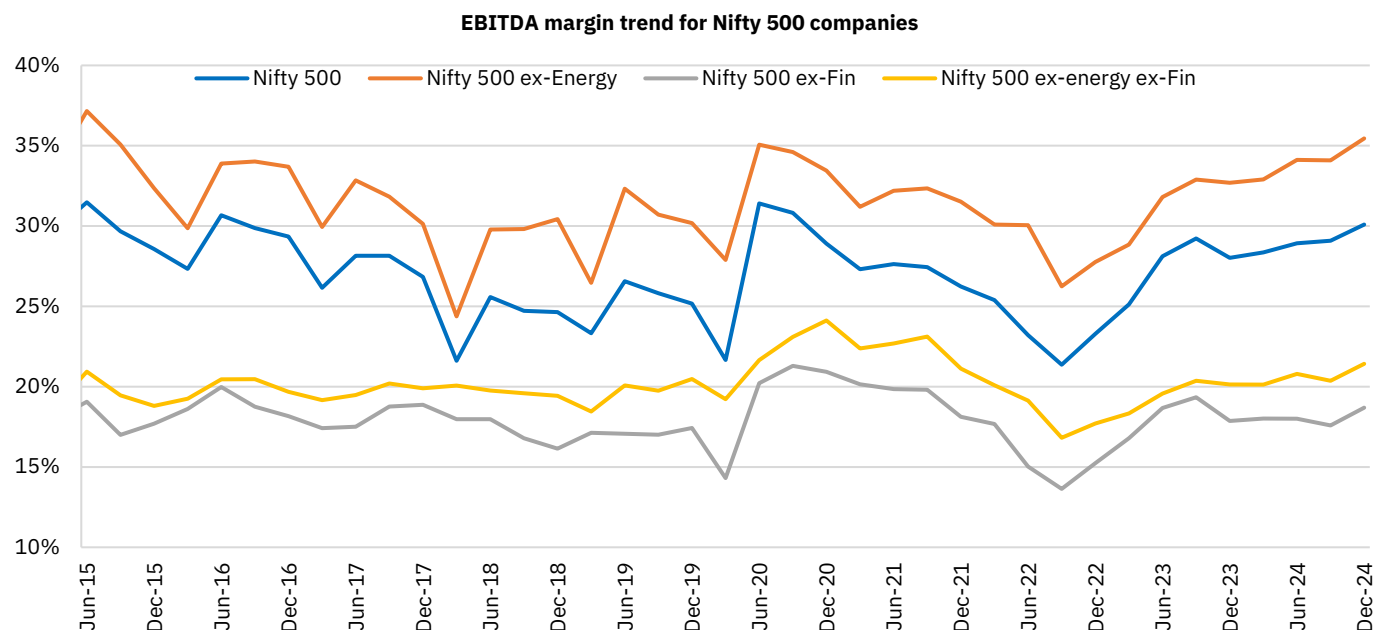
Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 500 index as of December 31st, 2024.

Figure 21: Quarterly Nifty 500 EBITDA growth trend (YoY)


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

Figure 22: EBITDA margin trend of Nifty 500 companies


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

PAT growth for Nifty 500 (ex-Nifty 50) universe touched a four-quarter high in Q3: The aggregate adjusted PAT for Nifty 500 companies grew by 11.1% YoY and 10.7% QoQ, resulting in a margin expansion of 59 bps YoY and 82 bps QoQ, to 10% in Q3FY25. Excluding Nifty 50 companies, the remaining Nifty 500 firms recorded a stronger profit growth of 13.2% — the highest in the past four quarters. However, despite higher PAT growth, the PAT margin for this segment stood at only 8.6%, indicating that large-cap stocks reported better profit margins. Within the Nifty 500 universe, 281 and 248 companies reported PAT expansion on a YoY and QoQ basis respectively in the December quarter. The Nifty 50 accounted for 48% of the YoY profit growth in Q3FY25, while the Nifty Midcap 150 contributed the second-largest share at 38%. The Nifty Next 50 and Nifty Small Cap had relatively smaller contributions of 7% and 6%, respectively.

Among sectors, Financials played a major role in driving profitability, contributing 62% to the YoY growth and 12% to the QoQ growth, with sectoral profits rising 18.5% YoY and 2.9% QoQ. In contrast, the Energy sector weighed down overall profitability in the Nifty 500 universe due to weak demand, lower realizations, and shrinking margins. Excluding both Energy and Financials, the Nifty 500 recorded a YoY profit growth of 13.7%, while the Nifty 500 excluding Nifty 50 showed an even stronger YoY growth of 25.6% in Q3FY25.

Table 14: Sector-wise PAT growth of Nifty 500 companies

Sector	QoQ growth			YoY growth			9MFY25	
	Dec-23	Sep-24	Dec-24	Dec-23	Sep-24	Dec-24	(Rs lakh crore)	Growth (%)
Communication Services	NA	NA	NA	NA	NA	NA	0.0	NA
Consumer Discretionary	20.0	(16.6)	25.1	54.5	(2.2)	1.7	0.8	6.6
Consumer Staples	3.3	(5.3)	(2.7)	8.4	6.1	(0.1)	0.5	6.1
Energy	(24.9)	(24.4)	33.5	31.1	(50.7)	(12.4)	1.4	-35.4
Financials	1.6	2.5	2.9	17.3	16.9	18.5	4.5	17.6
Health Care	(17.0)	0.6	(3.8)	1.5	21.4	40.3	0.5	32.9
Industrials	27.0	(9.9)	34.0	40.9	21.3	27.8	0.8	25.7
Information Technology	5.2	2.2	6.3	2.5	7.9	9.0	1.0	8.5
Materials	(7.4)	(14.8)	16.1	31.5	(16.7)	4.5	0.9	-1.4
Real Estate	(11.6)	(10.1)	26.6	11.4	(2.4)	39.9	0.1	30.1
Utilities	(21.0)	(7.2)	(19.2)	52.9	(11.3)	(9.2)	0.7	-6.9
Nifty 500	(4.5)	(6.0)	10.7	24.5	(4.1)	11.1	11.2	3.8
Nifty 500 ex-Energy	1.0	(3.1)	7.9	23.3	8.4	15.9	9.8	13.7
Nifty 500 ex-Financials	(7.8)	(11.5)	16.6	29.3	(15.5)	6.8	6.6	-3.9
Nifty 500 ex-energy ex-fin	0.5	(7.8)	12.6	28.6	1.6	13.7	5.2	10.6

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: 1. The above table provides data for companies in the Nifty 500 index as of December 31st, 2024. 2. NA: Not Applicable

Table 15: Sector-wise PAT margin of Nifty 500 companies in Q3FY25

Sector	PAT Margin	QoQ change (bps)	YoY change (bps)
Communication Services	5.6	646	883
Consumer Discretionary	6.9	101	(65)
Consumer Staples	11.1	(54)	(120)
Energy	5.6	111	(75)
Financials	14.9	134	206
Health Care	14.5	(64)	333
Industrials	10.3	206	140
Information Technology	13.6	51	16
Materials	6.8	76	(7)
Real Estate	22.7	270	106
Utilities	11.3	(270)	(182)
Nifty 500	10.0	82	59
Nifty 500 ex-Energy	11.3	82	94
Nifty 500 ex-Financials	8.2	82	9
Nifty 500 ex-energy ex-fin	9.4	72	42

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 500 index as of December 31st, 2024.

Figure 23: Sector-wise PAT growth of Nifty 500 companies in Q2FY25

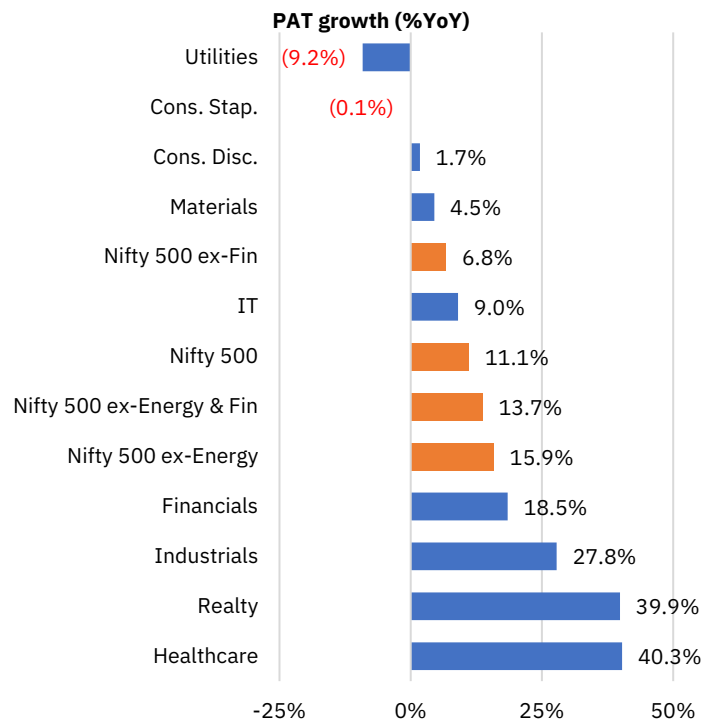
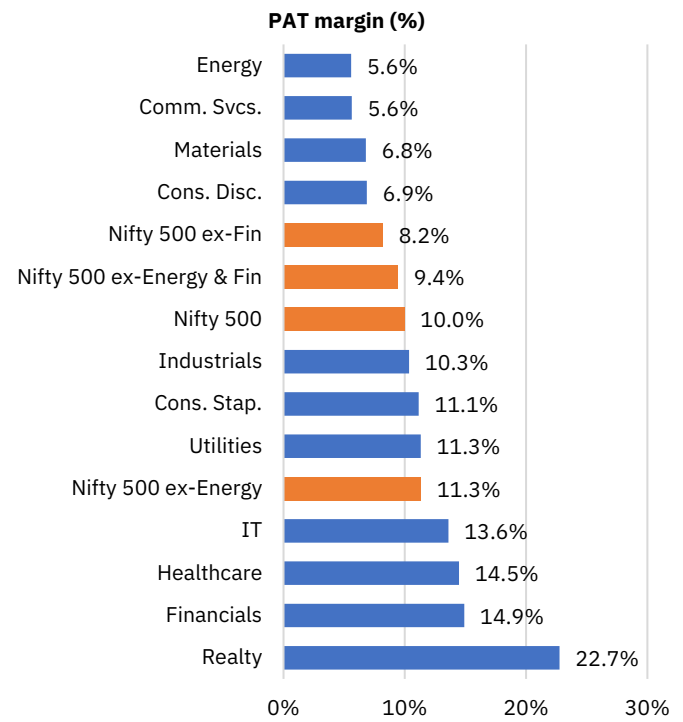


Figure 24: Sector-wise PAT margin of Nifty 500 companies in Q2FY25



Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above charts provide data for companies in the Nifty 500 index as of December 31st, 2024.

Table 16: Sector-wise contribution of Nifty 500 companies to PAT growth in Q3FY25

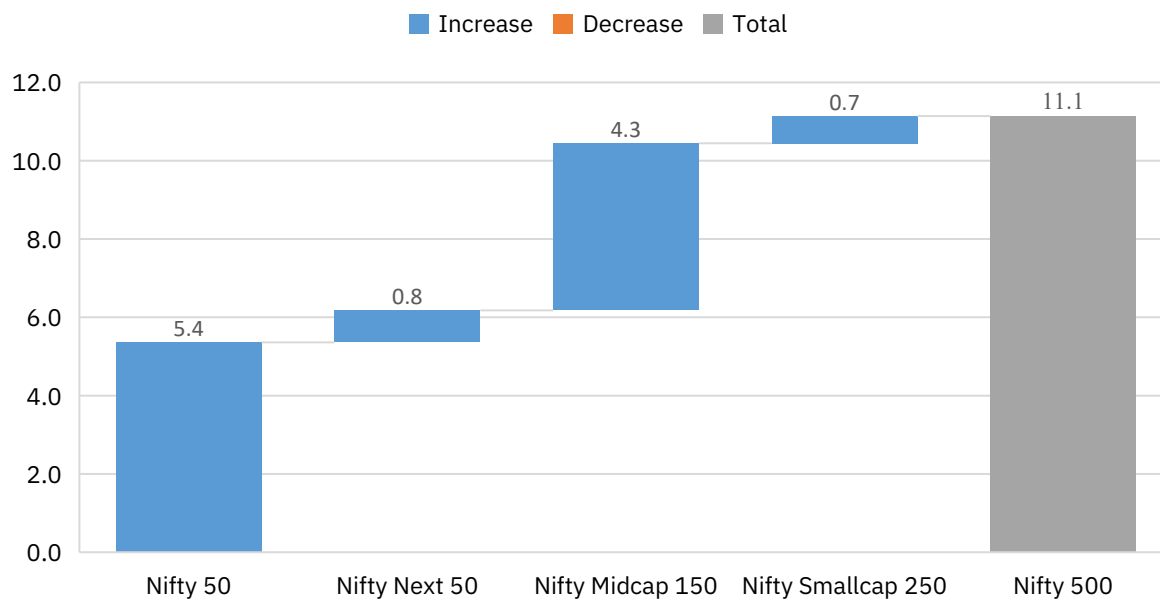
Sector	PAT (Rs crore)	Contribution to PAT growth	
		% QoQ	% YoY
Communication Services	4,680	1.5	2.0
Consumer Discretionary	27,894	1.6	0.1
Consumer Staples	14,944	(0.1)	(0.0)
Energy	51,165	3.7	(2.1)
Financials	1,55,221	1.3	6.9
Health Care	15,821	(0.2)	1.3
Industrials	31,067	2.2	1.9
Information Technology	33,487	0.6	0.8
Materials	32,218	1.3	0.4
Real Estate	3,451	0.2	0.3
Utilities	19,085	(1.3)	(0.5)
Nifty 500	3,89,032	10.7	11.1
Nifty 500 ex-Energy	3,37,867	7.1	13.2
Nifty 500 ex-Financials	2,33,811	9.5	4.2
Nifty 500 ex-energy ex-fin	1,82,646	5.8	6.3

Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above table provides data for companies in the Nifty 500 index as of December 31st, 2024.

Figure 25: Share of Nifty index constituents in overall PAT growth of Nifty 500 universe in Q3FY25

Contribution of Nifty index constituents to the overall PAT growth (%YoY)

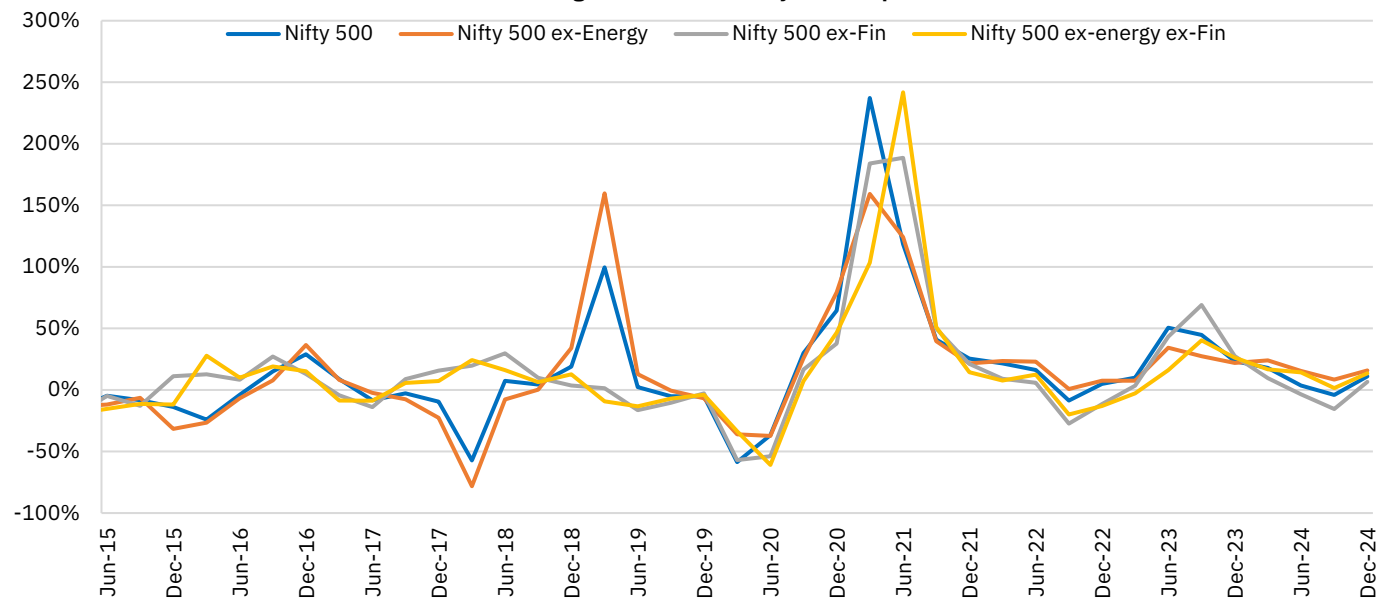


Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: The above chart provides data for companies in the Nifty 500 index as of December 31st, 2024.

Figure 26: Quarterly Nifty 500 PAT growth trend (YoY)

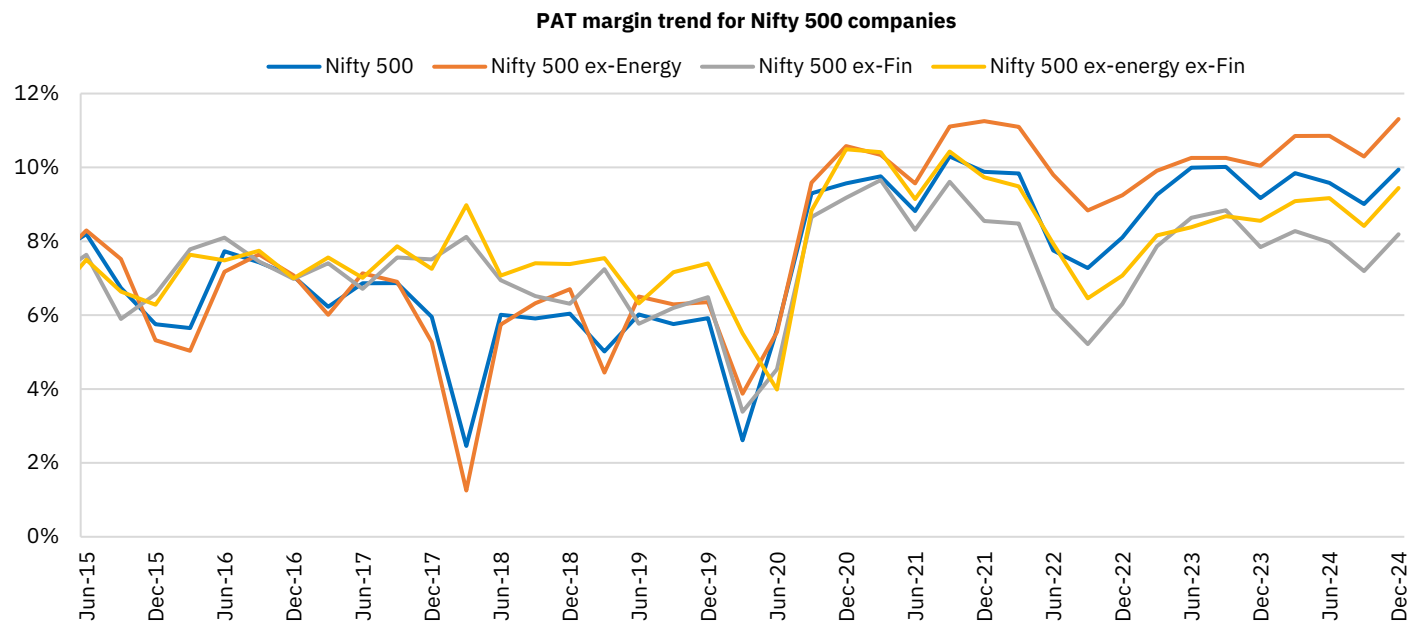
PAT growth trend for Nifty 500 companies



Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Note: The above chart includes companies in the Nifty 500 index as on end of respective quarters.

Figure 27: PAT margin trend of Nifty 500 companies



Earnings revision analysis

Consensus FY25/26 aggregate PAT estimates downgraded further: Aggregate PAT growth witnessed a recovery in the third quarter, despite continued moderation in the topline growth, reflecting the impact of easing input prices and cost optimization by companies. The slower top-line performance, however, pointed to weakening domestic and global demand, and heightened global trade uncertainty, triggering resulting in further downgrades in earnings estimates. Our analysis of earnings revisions of top 200 well-covered companies by market capitalisation³ show that aggregate earnings estimate for FY25 fell by 2.4% since December-end, translating into earnings growth falling to 3.2% (As on February 21st) from 9.8% as of September-end. Notably, all sectors, barring Communication Services and Real Estate, have seen downgrades in earnings estimates, led by Energy and Materials, reflecting the impact of weakening demand and rising global trade uncertainty. Excluding these two—accounting for 78% of the cut in aggregate earnings since December-end, the downward revision in aggregate profit estimate was relatively modest at 0.7%.

Earnings estimate for FY26 was also cut by 3.1% since Dec-end, translating into an expected profit growth of 17.6% (CAGR over FY24-26: 10.2%). The downward revision in FY26 earnings was relatively broad-based, with Energy, Financials and Materials together accounting for nearly 73% to the absolute decline in FY26 profit estimate

Figure 28: Aggregate consensus profit growth estimate for top 200 covered companies (% YoY)

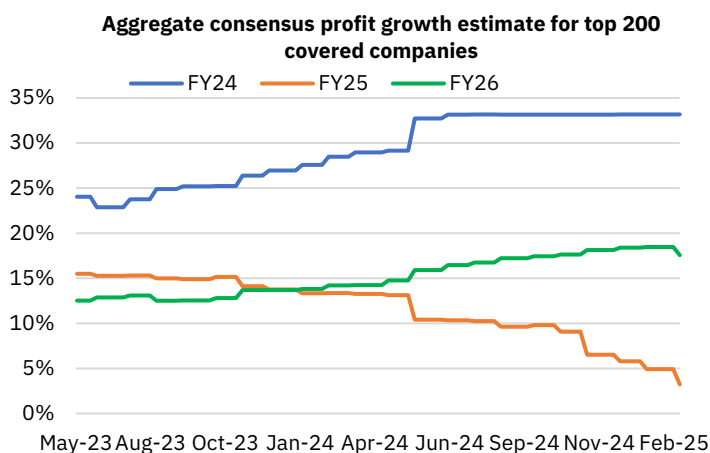
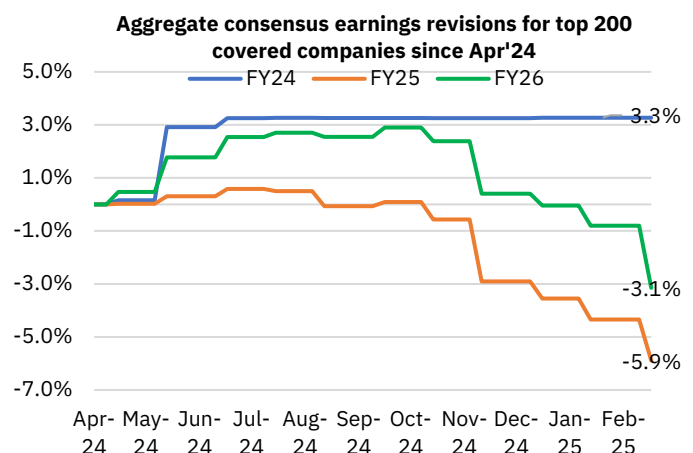


Figure 29: Aggregate consensus earnings revisions since Jan'24 for top 200 covered companies



Source: CMIE Prowess, LSEG Workspace, NSE EPR

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. Data is as of February 21st, 2024.

³ The sample set consists of top 200 companies by one-year average market cap ending June 30th, 2023, covered by at least five or more analysts during the previous 12 months using IBES estimates from LSEG Datastream.

Table 17: Monthly trend of sector-wise FY25 consensus earnings growth estimate (% YoY)

Sectors	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Comm. Svcs.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Consumer Disc.	20.2	5.7	6.0	5.9	5.4	5.2	4.5	1.4	0.7	0.7	-1.6
Consumer Staples	12.9	11.1	10.3	10.0	9.1	9.0	8.0	5.2	4.8	4.4	1.2
Energy	-10.2	-10.7	-10.1	-10.2	-11.5	-10.8	-13.2	-16.6	-17.3	-19.0	-23.1
Financials	15.7	11.9	10.9	10.8	11.2	11.3	11.3	11.0	10.8	10.7	10.8
Health Care	17.9	16.3	18.7	18.6	20.1	20.5	20.7	20.5	20.5	20.7	20.1
Industrials	20.4	16.8	17.9	18.2	19.0	19.5	19.8	16.0	15.4	14.3	12.2
IT	12.2	10.1	9.9	9.9	10.0	10.1	9.1	9.2	9.4	7.7	7.9
Materials	37.9	38.1	44.6	43.3	33.9	33.3	31.4	18.4	17.1	13.5	6.9
Real Estate	26.2	23.4	19.5	20.0	23.3	23.4	22.7	28.4	28.5	29.6	31.7
Utilities	12.0	13.5	9.9	9.7	10.8	11.3	11.5	9.5	9.2	8.8	5.9
Total	13.1	10.4	10.3	10.2	9.6	9.8	9.1	6.5	5.8	4.9	3.2

Source: LSEG Workspace, NSE EPR.

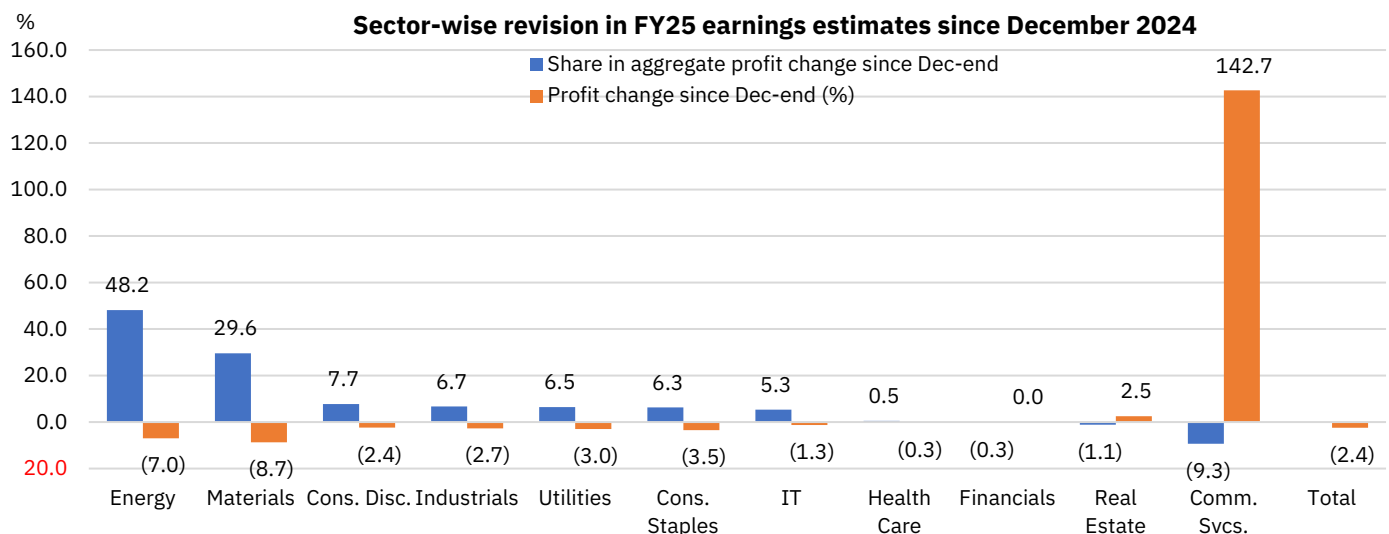
Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. * Data is as of February 21st, 2024.

Table 18: Monthly trend of sector-wise FY26 consensus earnings growth estimate (% YoY)

Sectors	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Comm. Svcs.	290.9	228.7	409.4	341.2	233.6	232.6	180.2	224.3	713.7	576.7	254.9
Consumer Disc.	18.2	18.9	19.2	19.6	20.7	20.8	20.9	21.3	21.3	21.0	20.4
Consumer Staples	13.2	13.8	13.7	13.9	14.4	14.6	14.4	14.4	14.4	14.3	13.5
Energy	6.7	10.0	10.7	10.8	13.2	13.9	14.1	16.2	16.8	17.2	19.2
Financials	14.6	15.1	15.2	15.3	14.1	14.1	14.1	12.8	12.6	12.2	10.3
Health Care	16.2	16.2	17.2	17.4	18.0	18.3	18.0	18.1	18.1	18.1	16.9
Industrials	19.6	19.7	20.6	20.5	20.9	21.3	21.1	22.5	22.5	22.8	22.3
IT	13.0	12.8	12.8	12.9	13.1	13.1	13.9	13.5	13.1	13.6	13.5
Materials	18.3	21.3	22.3	23.3	28.8	29.4	31.4	39.9	40.6	42.7	42.8
Real Estate	29.9	28.8	29.1	27.9	27.8	28.1	28.1	23.9	24.3	24.1	19.4
Utilities	9.2	8.9	9.8	10.4	10.6	10.9	10.9	11.0	10.8	10.9	10.7
Total	14.8	15.9	16.5	16.7	17.2	17.4	17.6	18.1	18.4	18.5	17.6

Source: LSEG Workspace, NSE EPR.

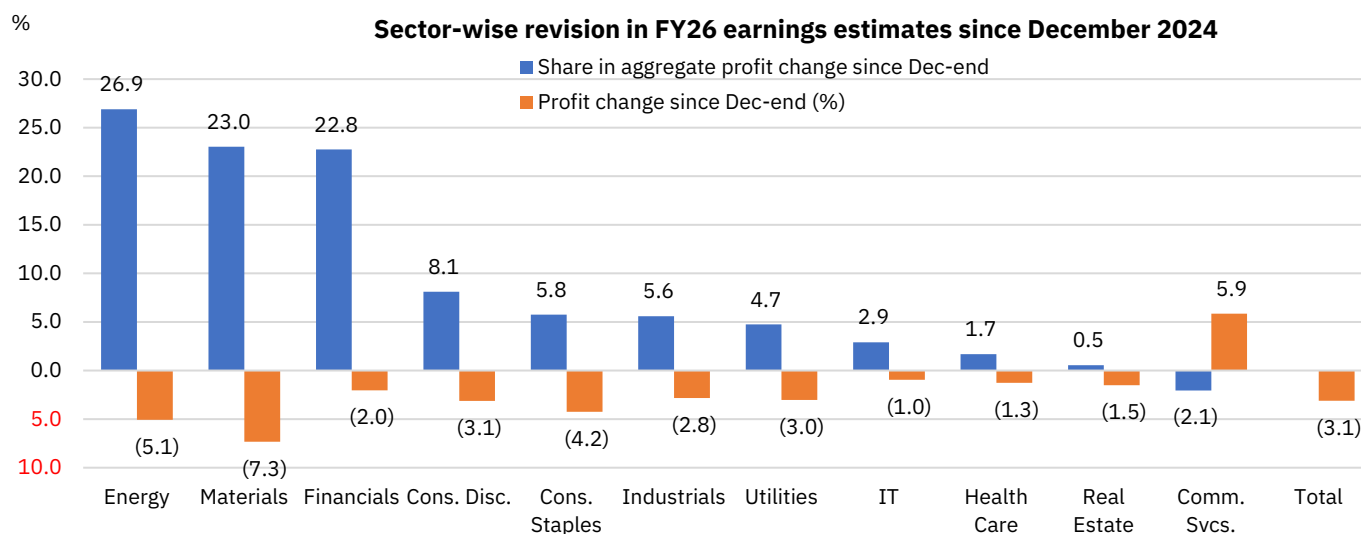
Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. * Data is as of February 21st, 2024.

Figure 30: Sector-wise revision in FY25 earnings estimates for top 200 companies since December 2024


Source: LSEG Workspace, NSE EPR

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. Data is as on February 21st, 2024.

Figure 31: Sector-wise revision in FY26 earnings estimates for top 200 companies since December 2024



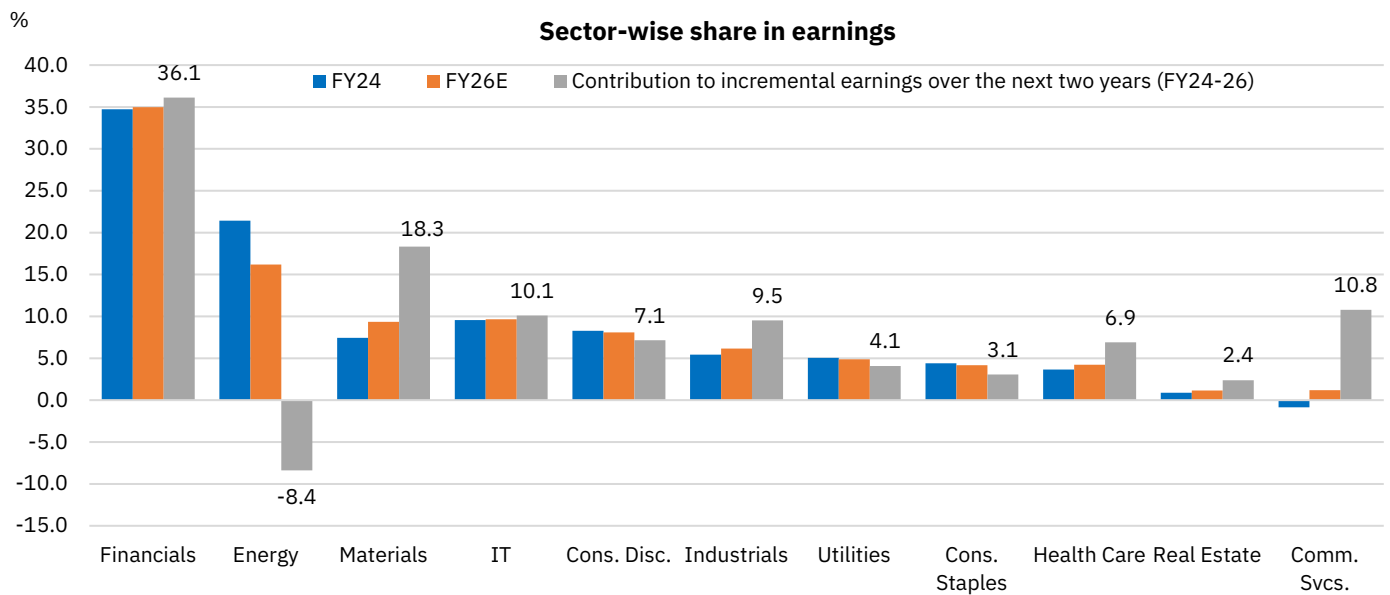
Source: LSEG Workspace, NSE EPR.

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. Data is as on February 21st, 2024.

Financials, Materials, and Communication Services to account for nearly 65% of the incremental earnings over the next two years:

Financials, with a share of 35% in aggregate earnings of top 200 companies in FY26, is expected to contribute a similar share to incremental earnings between FY24 and FY26. This is followed by Materials, contributing 18.3% to the absolute change in earnings during this period, despite significant earnings downgrades this year, resulting in its share in total earnings rising from 7.4% to 9.4%. Communication Services, that reported a huge loss in FY24, is expected to report profit amounting to 1.2% of aggregate earnings of top 200 companies by FY26, thereby contributing to a significant 10.8% to aggregate incremental earnings of this universe over the next two years. While Information Technology is expected to contribute about 10% to incremental earnings between FY24 and FY26, in line with its share in total earnings in the top 200 companies, Industrials is expected to contribute 9.5%—higher than its share of 6.2% in overall earnings in FY26 (share rising from 5.4% in FY24). After seeing earnings downgrades in the last few months, the Energy sector is expected to see a 23.1% YoY drop in aggregate earnings estimate in FY25, only to recover commensurately in FY26. Consequently, its share in aggregate earnings of the top 200 companies is expected to fall from 21.4% in FY24 to 16.2% in FY26.

Figure 32: Sector-wise share and contribution to earnings



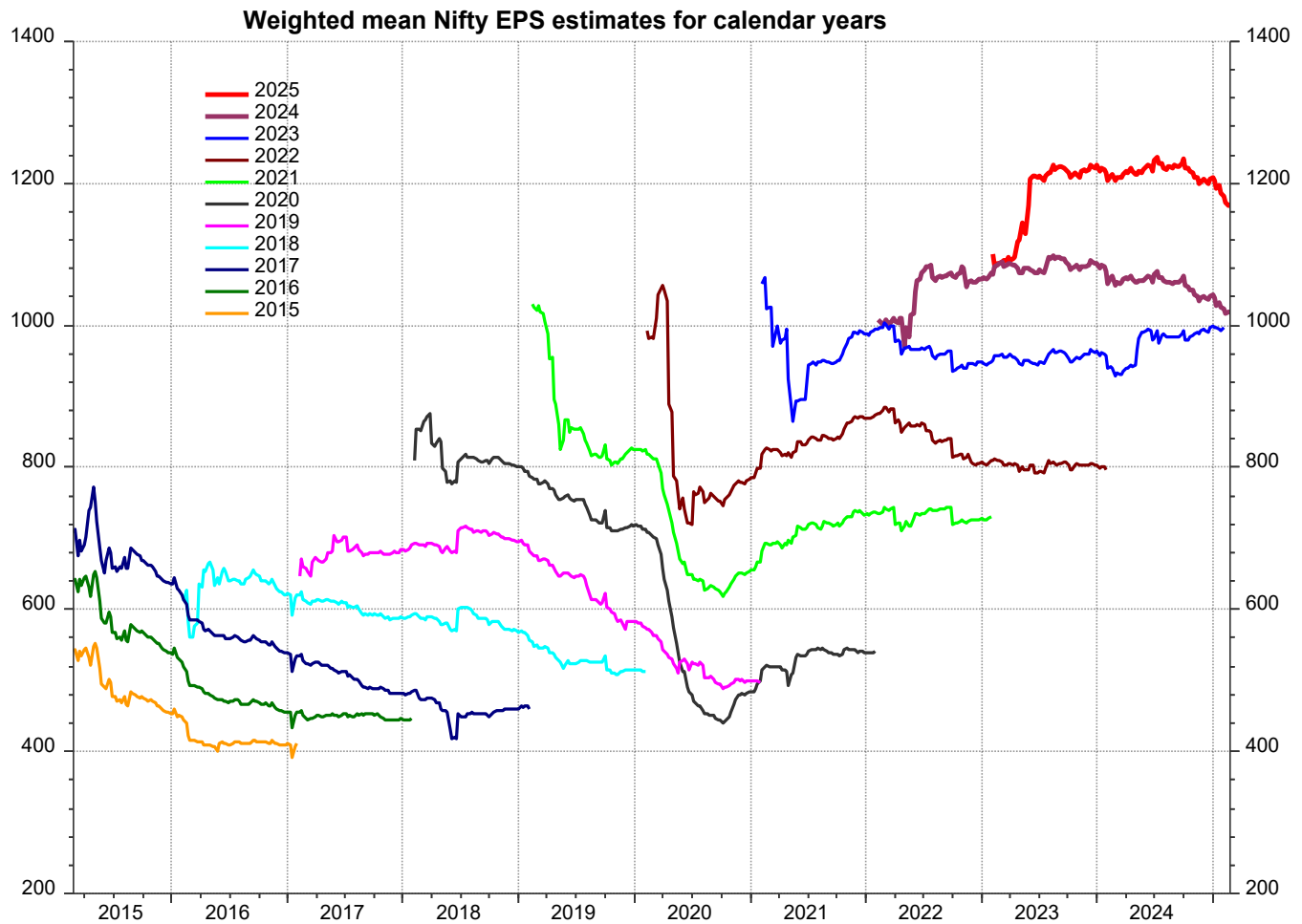
Source: CMIE Prowess, LSEG Workspace, NSE EPR.

Note: Based on IBES earnings estimates of top 200 companies by one-year average market cap ending June 30th, 2024, covered by at least five analysts at any given point of time over the last one year. Data is as of February 21st, 2024.

The chart below shows how Consensus estimates usually begin the year (calendar) with a bullish view on earnings, but are then brought back to *terra firma* with downgrades, year after year, as the macro environment overhang prevails over optimism.

A different story was playing out this time until recently, with earnings for the Nifty 50 companies for both 2024 and 2025 seeing a steady downward trend over the last few months. The EPS estimates for Nifty 50 for 2024 and 2025 have been curtailed by 5.3% and 5.1% since October-beginning, reflecting the impact of weak corporate earnings over the last couple of quarters, elevated global trade uncertainty and emerging signs of growth slowdown in India.

Figure 33: Yearly trend of NIFTY 50 Consensus EPS estimates

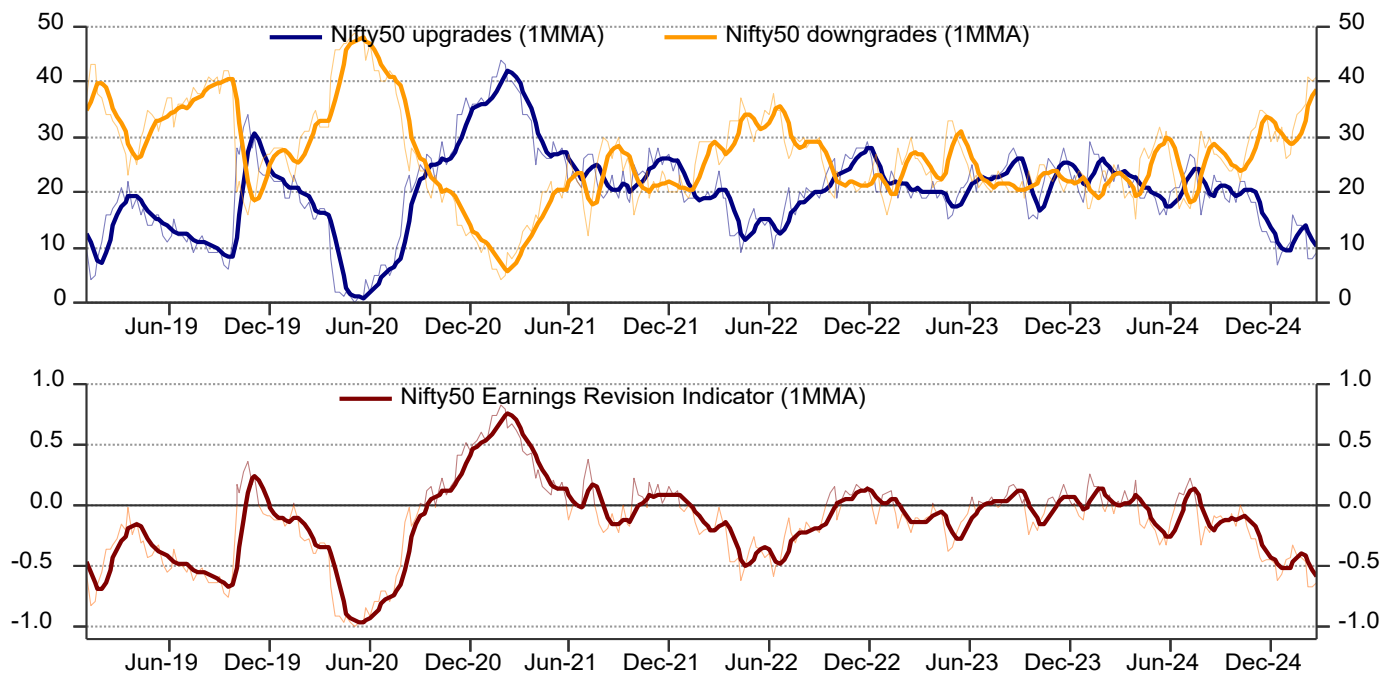


Source: LSEG Workspace, NSE EPR.

Nifty 50 Earnings Revision Indicator fell further deep in the negative territory: After a sharp drop following the onset of the Russia-Ukraine war in February 2022, the Earnings Revision Indicator (ERI)⁴ for the Nifty 50 universe picked up meaningfully in the second half of 2022, indicating higher number of upgrades than downgrades. This was aided by resilient economic performance, strong Government capex and robust credit offtake by banks. The ERI moved in a tight band over the subsequent 15 months until March 2024, as in-line corporate earnings kept number of upgrades and/or downgrades contained. In this fiscal thus far, however, the ERI has turned volatile again, and in fact has been steadily falling deep in the negative territory since October 2024. In fact, the ERI at -0.67 currently is the lowest since the pandemic. All sectors barring Communication Services and Healthcare, that have seen nearly equal number of upgrades and downgrades, all others have their ERIs hovering deep in the negative territory, led by Energy, Materials and Consumer Staples, indicating a far higher number of downgrades than upgrades.

Figure 34: Nifty 50 Earnings Revision Indicator (since January 2019)

NIFTY 50 Earnings Revisions

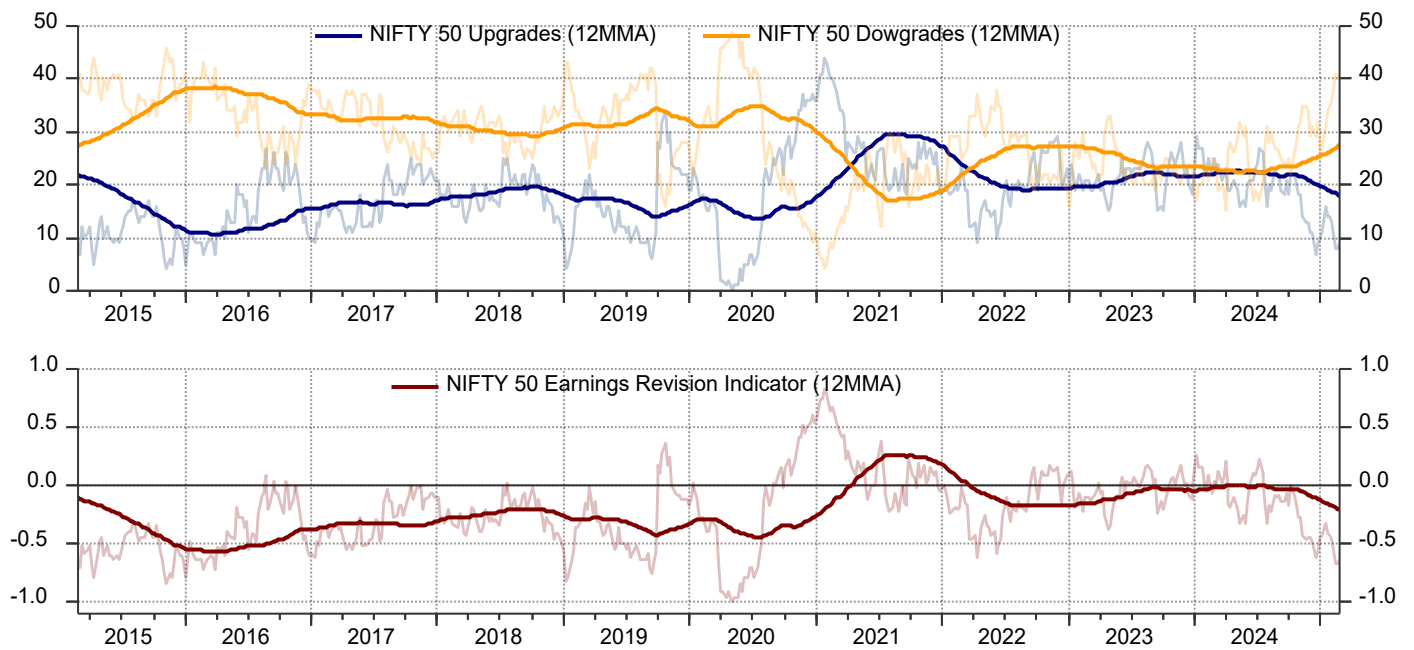


Source: LSEG Workspace, NSE EPR.

⁴ The ERI is calculated as “(number of upgrades – number of downgrades)/total number of upgrades and downgrades”. It can range between -1 to 1.

Figure 35: Nifty 50 Earnings Revision Indicator (10-year trend)

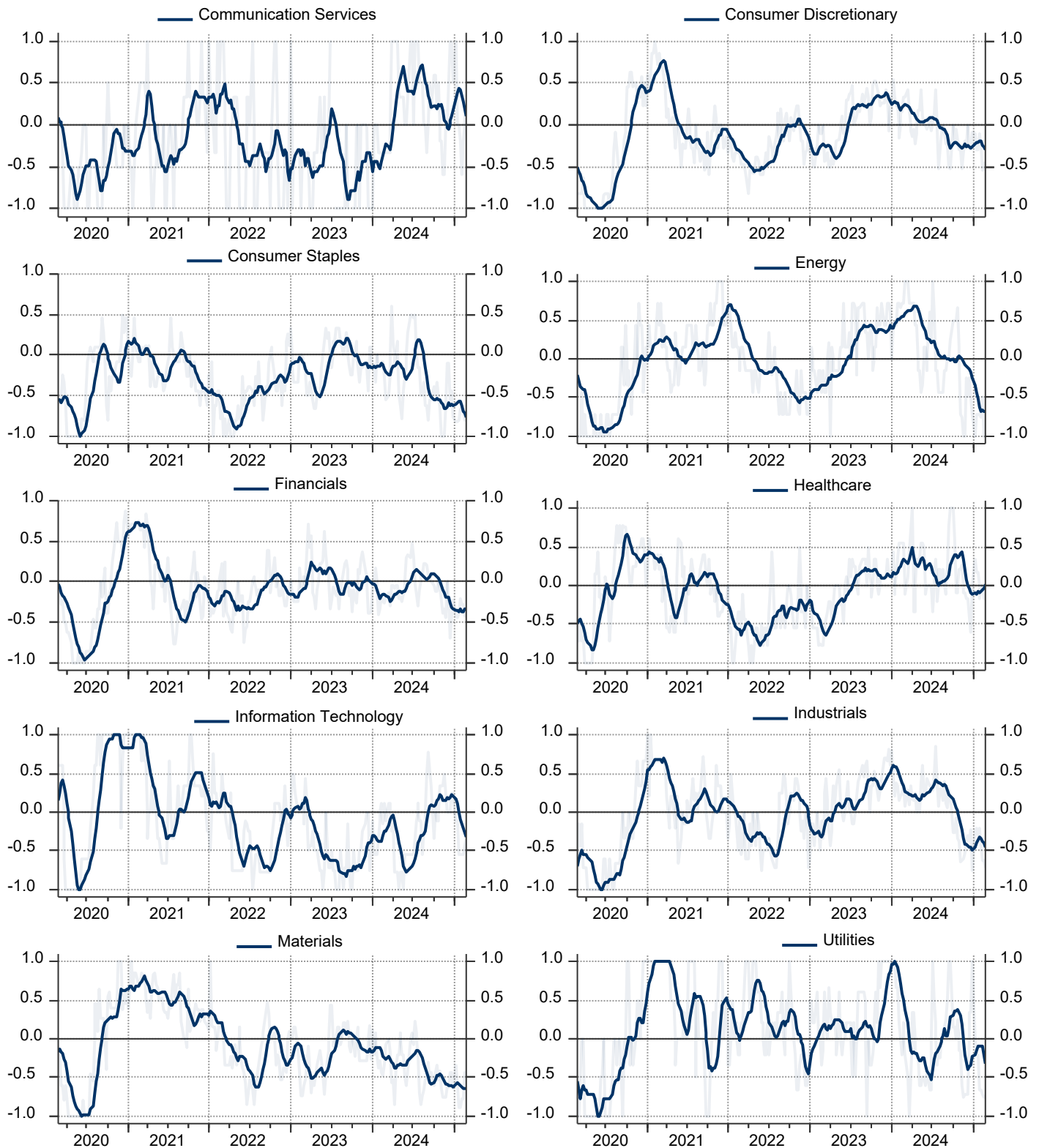
NIFTY 50 Earnings Revisions



Source: LSEG Workspace, NSE EPR.

Figure 36: Short-term trend of Earnings Revision Indicator across MSCI sectors

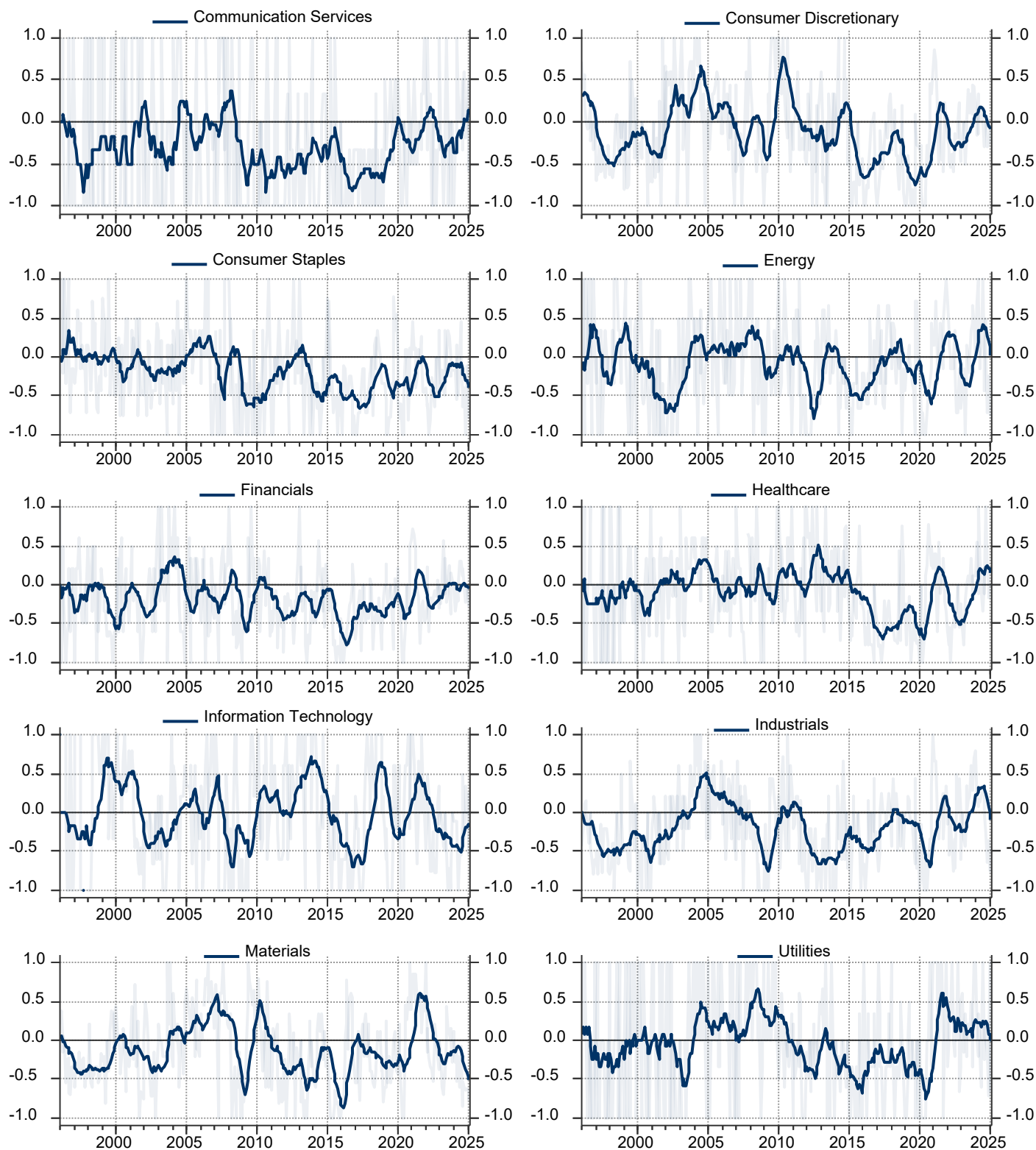
India Earnings Revision Indicator across sectors: Short-term (2MMA)



Source: LSEG Workspace, NSE EPR.

Figure 37: Long-term trend of Earnings Revision Indicator across MSCI sectors

India Earnings Revision Indicator (ERI) across sectors: Long-term (12MMA)



Source: LSEG Workspace, NSE EPR.

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Tirthankar Patnaik, PhD	tpatnaik@nse.co.in	+91-22-26598149
Prerna Singhvi, CFA	psinghvi@nse.co.in	+91-22-26598316
Ashiana Salian	asalian@nse.co.in	+91-22-26598163
Prosenjit Pal	ppal@nse.co.in	+91-22-26598163
Sushant Hede	shede@nse.co.in	+91-22-26598237
Anand Prajapati	aprajapati@nse.co.in	+91-22-26598163
Gautam Sodani	gsodani@nse.co.in	
Sumiti Manchanda	smanchanda@nse.co.in	
Aratrik Chakraborty	aratrikc@nse.co.in	

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